

en's 'Mess'

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## So Far, U.S. Economy Resists Global Shock

### Can It Continue Strong Rate of Growth And Stave Off Cataclysms Elsewhere?

By Nicholas D. Kristof  
New York Times Service

Pigs to the left, pigs to the right, pigs all around him, Charles Burrus stood in the cacophonous center of his barn in south-central Illinois, gesturing at the indignant squealers. He felt like squealing too.

"I don't know what we're going to do in the next three months," Mr. Burrus said, oblivious to the stench of the 7,000 animals around him. "We're losing 10,000 to 15,000 a semi load."

Mr. Burrus, a 65-year-old whose gray hair peeks through his farm cap, has seen some tough times in a life of hog farming, including a fire that ripped through his barns in 1978 and roasted 1,200 pigs alive.

But nothing, he said, has ever been nearly as devastating as today's prices. These days he is bleeding money so badly that he worries about losing his 600-acre (243-hectare) farm here among the cornfields near Centerville, Illinois, 130 miles (200 kilometers) southwest of Chicago.

"This is something we've never seen in the livestock business," Mr. Burrus said dolefully. "We've never seen this heavy a loss in the pork industry, not even in the Depression."

The problems on the Burrus farm, a sprawling collection of 14 hog buildings with temperature controls and automatic curtains on the windows, underscore how the economic crisis that began 19 months ago in Thailand is knocking on the gates of the American heartland. The only real chance of a rescue for Mr. Burrus would come through an economic revival on the other side of the globe, in Asia, where his hogs usually end up between chopsticks.

So far, the United States as a whole has been remarkably impervious to the crisis, and much of American industry has benefited from the cheaper oil and imports resulting from the

downturn elsewhere. Still, it is not clear whether the United States can remain unaffected, and the crisis presents the country — and the rest of the world — with far-reaching political and economic challenges.

Up to now, Mr. Burrus is the exception, and the American economy is still growing strongly. Yet apprehensions arise because the global economy is a three-engine jet, with one engine dead (Japan's) and another losing speed (Europe's). It all comes down to how much fuel is left

for the final, American engine.

If the Cuban missile standoff was a quintessential Cold War crisis, then the current global economic upheaval may be a landmark crisis of the post-Cold War era.

The simplest challenge is for the United States to sustain its strong growth rates. But the broader task will be to prevent nationalistic cataclysms in the worst-off countries, like Russia and Indonesia, and to contain the political and security risks of explosive frustration if the crisis bites further into places like China and Latin America.

The U.S. economy has demonstrated tremendous flexibility and resilience, but uncertainties arise because the Dow Jones industrial average is nearly 50 percent higher than its level Dec. 6, 1996, when Alan Greenspan, the Federal Reserve Board chairman, warned about "irrational exuberance."

Moreover, the Brazilian crisis — marking the failure of a bailout agreed to in November — underscores that the storm has not necessarily passed.

"To some extent, Brazil's problem

See MARKETS, Page 16

## Israelis Kill 3 Kurds at Consulate

### Protesters Tried to Storm Berlin Building Over Ocalan Capture

By Roger Cohen  
New York Times Service

BERLIN — Israeli guards opened fire Wednesday on dozens of Kurds attempting to occupy the Israeli Consulate here, killing three people and wounding 16 in the worst violence since Europe-wide protests against the capture of a rebel Kurdish leader erupted.

Police said the shooting began after about 55 Kurds tried to enter the consulate in a tranquil Berlin suburb. The Kurds apparently chose their target in response to rumors that the Israeli secret service, Mossad, played a role in Turkey's capture of Abdullah Ocalan, the leader of the Kurdish Workers Party.

Prime Minister Benjamin Netanyahu of Israel said in Tel Aviv that the guards had fired in self-defense after Kurds brandishing hammers and clubs entered the Berlin consulate. He denied any Israeli role in Mr. Ocalan's capture.

"We did not cooperate with any element in Ocalan's capture," Mr. Netanyahu said. "We have to make this clear and emphasize this because this is the reality and this is the truth." Israel, which has a security cooperation agreement with Turkey, was the object of "false accusations," he added.

All Israeli diplomatic missions in Europe

were ordered closed and the United States urged Americans abroad to be cautious.

Mr. Ocalan, whose followers have waged a long separatist war in southeastern Turkey in which more than 30,000 people have died, was seized in Nairobi on Monday in circumstances that remain murky. Turkish security agents then flew him to Turkey, where he faces a possible death sentence on charges including treason and murder.

The killings came in a second day of widespread Kurdish protests initially focused on

Abdullah Ocalan's rise and fall. Page 6.

Kenyan and Greek missions in Europe. Mr. Ocalan was arrested after leaving the Greek Embassy in Nairobi, a sequence of events that apparently led many Kurds to believe he had been betrayed by the Greeks.

The swift violence of the Israeli response Wednesday stood in sharp contrast to the restraint of other embassies. "One people have standing orders to prevent, with force if necessary, including by opening fire, any attempt to take hostages, and to defend themselves," Mr. Netanyahu said.

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German riot police, left, arresting a Kurdish protester near the Israeli Consulate in Berlin on Wednesday after Israeli guards fired at Kurds storming the consulate during a demonstration over the arrest by Turkey of Abdullah Ocalan. Mr. Ocalan, right, is shown under guard in an aircraft bringing him to Turkey in a photograph taken by a Turkish intelligence officer. He was captured by Turkish agents in Nairobi.



## Turkey Blocks Entry of Ocalan Lawyers for Trial

By Stephen Kinzer  
New York Times Service

ISTANBUL — Ecstasy and jubilation enveloped Turkey on Wednesday following the capture of the country's most wanted fugitive, the Kurdish rebel leader Abdullah Ocalan, but debate over his forthcoming trial has already begun to turn bitter.

A team of Mr. Ocalan's lawyers was denied entry to the country Wednesday, and the government said it would not permit foreign observers at his trial.

Foreign leaders and human rights groups issued a

stream of statements urging Turkey to give Mr. Ocalan a chance to defend himself fully. Several Turkish commentators said the trial could prove a crucial test of Turkey's much-criticized judicial system.

Mr. Ocalan was captured late Monday night in Kenya, where he had been living clandestinely under the protection of Greek diplomats.

Turkish commanders brought him to Turkey before dawn Tuesday, and he has been taken to an island prison from which all other inmates are being evacuated.

In a televised interview, Prime Minister Bulent Ecevit brushed aside concerns about the trial, which is

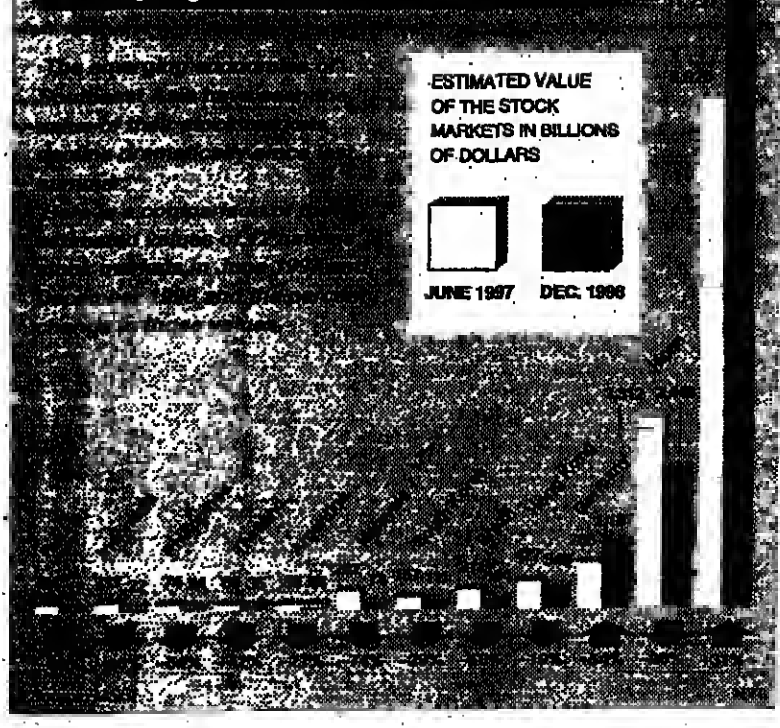
expected to focus on a few specific massacres allegedly perpetrated by Mr. Ocalan's Kurdish Workers Party, or PKK.

"It will be very free, a very just trial, because justice is very free in Turkey, autonomous," Mr. Ecevit said. "It need not last too long because all the illegal actions, the crimes of the PKK's leadership, are well known."

Asked about his government's refusal to allow Mr. Ocalan's lawyers to enter the country, he replied: "They want, more or less, to inspect the Turkish

See TURKEY, Page 6

### Plunging Market Values



## Jones Judge Ready for 'Contempt Issue'

### Impeachment Over, President's Testimony in Civil Case to Be Examined

By Peter Baker  
Washington Post Service

WASHINGTON — Just days after winning acquittal at his impeachment trial, President Bill Clinton was confronted with a new legal threat as a federal judge signaled that she may hold him in contempt of court for providing misleading testimony about his affair with Monica Lewinsky.

Judge Susan Webber Wright of U.S. District Court, who oversaw the Paula Jones lawsuit that led to Mr. Clinton's impeachment, told attorneys involved in the case Tuesday afternoon that she would explore civil sanctions against the president and gave them until Friday to file the first motions related to the

process.

The judge's comments, made at her own initiative during a telephone conference call on an unrelated issue, took lawyers on both sides by surprise and indicated that the consequences of the Lewinsky scandal may not be completely over for Mr. Clinton, even if his trial in the Senate is. A contempt proceeding could revisit many of the same issues about Mr. Clinton's veracity that were examined in Congress, leading to written briefs and even a full-blown hearing in a Little Rock, Arkansas, courtroom.

A civil contempt citation could force the president to pay tens of thousands of dollars and conceivably sid the inde-

pendent counsel, Kenneth Starr, if he seeks to indict Mr. Clinton. On Tuesday, Mr. Starr reconvened his Lewinsky grand jury at the federal courthouse in Washington after weeks of inactivity, although it remained unknown what it was doing behind closed doors.

Judge Wright first raised the possibility of contempt in a footnote to an order last September but said Tuesday that she had waited to follow through because she "did not want to interfere in any way with the impeachment proceedings then underway" or with Mrs. Jones's attempt to reinstate her dis-

See CLINTON, Page 6

By Alan Friedman  
International Herald Tribune

ROME — U.S. Treasury Secretary Robert Rubin, in an unusually candid statement, said Wednesday there were "disagreements" among Group of Seven nations over how best to regulate world currency and financial markets.

Mr. Rubin, at a news conference in Washington, rejected proposals from Germany and Japan on ways to achieve

more currency stability. His remarks came just before a key meeting of G-7 finance ministers Saturday in Bonn.

"There certainly are disagreements on some issues," he said, referring specifically to a German proposal that would set up target areas within which the dollar, the euro and the yen would fluctuate. The plan has gained the backing of Japan.

The proposal, which has been spearheaded by Oskar Lafontaine, Ger-

many's finance minister, is for central banks and governments to intervene in the markets to defend certain foreign-exchange levels.

The U.S. Treasury chief said the United States would oppose any G-7 effort to target currency levels or manage exchange rates.

"We think that the way you achieve stability is to use fundamental economic policy," Mr. Rubin said, adding that if governments had to defend certain cur-

rency levels, this could require interest-rate increases by some countries, which could hurt growth.

Mr. Rubin's strong criticism of the currency-target proposal also came on the eve of a visit to the United States by President Jacques Chirac of France, who plans to tell President Bill Clinton that France wants tougher global controls of hedge funds, currency markets

See G-7, Page 6

## Rubin Sees Clash in G-7 Over German Currency Plan

The Dollar		
New York	Wednesday @ 4 P.M.	previous close
Euro	1.124	1.1203
Pound	1.6345	1.6342
Yen	118.805	118.645
DM	1.7388	1.7459
FF	5.8915	5.8555
Dollars per pound and per euro		
The Dow		
	Wednesday close	percent change
↓	-101.56	-1.09%
S&P 500		
↓	-17.82	-1.43%
Nasdaq		
↓	-64.88	-2.80%
The IHT on-line: <a href="http://www.ihl.com">www.ihl.com</a>		

### AGENDA

#### U.S. Warns Milosevic on Kosovo Talks

WASHINGTON (APF) — The United States on Wednesday warned President Slobodan Milosevic that Yugoslavia must accept foreign peacekeepers in Kosovo.

A State Department spokesman, James Foley, said Saturday's deadline would stand for Kosovo's warring parties — the mainly Serb Yugoslav government and ethnic Albanian Koso-

var separatists — to reach an agreement that includes NATO peacekeepers.

"President Milosevic has just a few days to see the light, to see it is in his country's interests as well as in the interests of the people of Kosovo to not only agree to the political settlement but to agree to a peace implementation force," Mr. Foley said.

Related article, Page 7.

#### Airfares Drop Sharply

Most major airlines have aggressively cut fares between the United States and Europe. The discounted fares are being offered in dozens of American and European cities. Page 11.

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The Internet ..... Page 18.

## Senate Race Could Be 'Nasty Fight,' Advisers Warn Hillary Clinton

By Elisabeth Bumiller  
New York Times Service

NEW YORK — As Hillary Rodham Clinton said she is giving "careful thought" to running for the Senate from New York, the first lady's friends and advisers warned her that a race could be brutal and that the easy victory predicted by some party leaders is not at all guaranteed.

Mrs. Clinton said Tuesday that she would reach a decision "later this year" and added that she was "deeply gratified by the large number of people" encouraging her to seek the seat of Daniel Patrick Moynihan, the Democrat who is retiring in 2000.

"It will be a nasty fight," said one of Mrs. Clinton's longtime friends and political advisers, speaking of a potential opponent, Mayor Rudolph Giuliani of New York City. "Everything in Hillary's background will be recycled," said the adviser, who insisted on anonymity. "She has to think about whether she is prepared to go through this battering."

Democrats in New York and elsewhere were taken aback Tuesday by Mrs. Clinton's statement that she will delay a decision. If she waits too long, the delay would paralyze other Democratic candidates, who need the time to raise the \$10 million to \$20 million required for the race.

"She needs to think and think fast," said Eleanor Holmes Norton, the District of Columbia's delegate to Congress. "That is, unless you want to give the New York Senate seat to Giuliani."

So far, Nita Lowey of Westchester County is the only Democrat to say she is seriously considering the race. Ms. Lowey has repeatedly said that she will not run if the first lady does.

Major Democratic fund-raisers said that Mrs. Clinton would have no problem raising enough money and that she could do it in two to three months.

As Mrs. Clinton decides, her advisers are making calls to New York political leaders and con-

sultants to gauge the depth of the first lady's support in New York. Polls show her to be enormously popular statewide, at least for now.

Harold Ickes, a former White House official who discussed the Senate race with Mrs. Clinton just a few days ago, was preparing to meet in Miami with Dennis Rivera, one of the most powerful labor leaders in New York City. "I'm anxious to talk to him about it," said Mr. Rivera, president of Local 1199 of the hospital workers union.

"We certainly are encouraging her to run."

But Mrs. Clinton's advisers say she must resolve

See SENATE, Page 6

Newstand Prices	
Bahrain	1,000 BD Mails
Cyprus	€ 1.00 Mails
Denmark	17 DKr Mails
Finland	12.00 FM Mails
Gibraltar	€ 0.85 Mails
Great Britain	€ 1.00 Mails
Israel	€ 1.00 Mails
Japan	€ 1.00 Mails
Korea	€ 1.00 Mails
Malaysia	€ 1.00 Mails
Norway	€ 1.00 Mails
Portugal	€ 1.00 Mails
Spain	€ 1.00 Mails
Sweden	€ 1.00 Mails
Switzerland	€ 1.00 Mails
Thailand	€ 1.00 Mails
USA	€ 1.00 Mails
West Germany	€ 1.00 Mails
Yugoslavia	€ 1.00 Mails

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## Financial Crisis? Not for Partying Brazilians

"I know how bad things are. It's not an escape, because escape from this doesn't exist. I know my problems are still there. But you stop for all that for a moment to have fun."

The columnist, Uzi Benziman, referred to what he believed to be Mr. Sharon's willful deception of Mr. Begin.

the journey in December.

# WEEKEND SKI REPORT

Report	Depth L U	Mts. Fishes	Res. Pfishes	Snow State	Last Snow	Comments
Adirondack Skier	100 116	Good	Open	Pwr	1682	Few icy patches on higher levels
Austin	150 330	Good	Some	Pwr	1712	Fresh snow, good skiing at altitude
Ischgl	80 185	Good	Open	Pwr	1712	Excellent skiing with new snow
Kitzbuhel	185 235	Good	Open	Pwr	1712	Warm new snow, great conditions
Lach	120 245	Good	Open	Pwr	1712	2200-ft. cover with snow expected
Mayrhofen	80 890	Good	Open	Pwr	1712	Great snow cover with snow falling
Obergurgl	700 1400	Good	Open	Pwr	1712	At 8000 ft. open, good snow, heavy
Seefeld	120 420	Good	Open	Pwr	1712	Good snow, more snow falling
St. Anton	140 380	Good	Open	Pwr	1712	Very good skiing, a little new snow
Swiss Louise	140 380	Good	Open	Pwr	1712	Very good skiing, 100% open
Whistler	140 380	Good	Open	Pwr	1712	Very good skiing, 100% open
France						
Alpe d'Huez	150 300	Good	Open	Var	1712	100% open, high wind at altitude
Les Arcs	175 280	Good	Open	Pwr	1712	Very good snow cover and skiing
Avoriaz	130 280	Good	Open	Pwr	1712	Good skiing especially at Hint Fists
Chamonix	120 300	Good	Open	Pwr	1712	4400-ft. open
Courmayeur	122 232	Good	Open	Pwr	1712	100% open
Les Deux Alpes	120 220	Good	Open	Var	1712	Very cold with strong winds at top
Flaine	190 400	Good	Open	Pwr	1712	Plenty of good skiing available
Megève	160 280	Good	Open	Pwr	1712	Good conditions throughout season
Maribelle	100 250	Good	Open	Pwr	1712	Lifts snowed today, good skiing
La Plagne	180 280	Good	Open	Pwr	1712	3000M on glades; some snow falling
St. Gervais	140 340	Good	Open	Var	1712	7400-ft. open
Swiss Cheviote	55 75	Fair	Art.	Var	1682	New snow, some needed, mid today
Tignes	126 270	Good	Open	Pwr	1712	Plenty in excellent condition
Val d'Isère	120 300	Good	Open	Var	1712	Good skiing, off piste avalanche risk
Val Thorens	180 270	Good	Open	Pwr	1712	Excellent snow in most areas
Verbier	70 370	Good	Open	Pwr	1712	Good snow, strong down glades
Italy						
Cervinia	80 150	Good	Open	Cruisy	1712	Good snow depth, windy at altitude
Corvina	100 70	Hard	Open	Var	1402	All slopes have good snow cover
Courmayeur	100 220	Good	Open	Var	1402	All slopes have good snow cover
Livigno	81 130	Fair	Open	Pwr	1682	Good skiing on end of piste
Sevra	40 75	Fair	Art.	Var	1682	Good skiing, open, few patches appearing at altitude
Norway						
Geiranger	80 80	Good	Open	Var	1682	Good skiing on end of piste, cold
Sweden						
Swishmore	120 200	Good	Open	Var	1712	4700m on glades, good snow
Devos	120 210	Good	Open	Pwr	1712	All lifts open with good skiing
Kilise	120 200	Good	Open	Pwr	1712	All lifts open in area, excellent skiing
Mucron	140 330	Good	Open	Pwr	1712	Lots of good skiing at end of piste
Sass Fee	80 325	Good	Open	Var	1712	Plenty of good skiing, end of piste
St. Moritz	80 150	Good	Hard	Cruisy	1682	Good snow 2500m, low by patches
Verbier	100 260	Good	Open	Var	1682	Swiss hatter, very good skiing
Zermatt	110 180	Good	Open	Pwr	1712	Excellent skiing, high avalanche risk
Zermatt	85 200	Good	Open	Pwr	1712	Excellent skiing, great snow conditions
U.S.						
Aspen	117 145	Good	Open	Var	1682	7777 trails end and all lifts open
Breckenridge	139 166	Good	Open	Pwr	1682	32000m open with good skiing
Crested Butte	122 122	Good	Open	Var	1682	100% open, a little more snow
Dillon Valley	200 220	Good	Open	Var	1682	15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113,

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## THE AMERICAS

## Dole's Portrayal of Her Red Cross Success Leaves Some Unconvinced

By Charles R. Babcock  
and Judith Havemann  
Washington Post Service

WASHINGTON — As the just-retired president of one of the nation's largest charities, Elizabeth Hanford Dole portrays herself as a bold reformer who rescued a critically injured blood program and delivered "real-life miracles" to victims of natural disasters around the world.

Her work as president of the American Red Cross, she told an audience in New Hampshire last week, gave her experience overseeing 32,000 employees and 1.3 million volunteers. "I undertook a seven-year, \$287 million transformation of the way the organization collects, tests and distributes half of the nation's blood supply," she said.

This image of confident leadership and managerial performance as head of a huge and complex organization is central to Mrs. Dole's pitch as she positions herself for a possible Republican presidential candidacy, her first run for public office.

But some who closely watched Mrs. Dole's management of the Red Cross during a period of turmoil and controversy offer a mixed assessment of her performance and what it suggests about her possible presidential leadership style.

She is a manager of great strengths and broad

vision, competently overseeing a charity with \$2 billion a year in revenue and missions as diverse as a Fortune 500 company, her admirers say. At a time when the Red Cross, like many charities, had seen its United Way funding plunge, Mrs. Dole not only made up the difference but used her own tenacity and persuasive charm to increase public donations by 9 percent. But she also has

intertwined politics and philanthropy in a way that gave fuel to her critics in the nonprofit world.

At times, Mrs. Dole seemed more interested in her own image than that of the Red Cross, some observers inside and outside the charity say. Even in managing the crisis involving the safety of the Red Cross blood supply, which Mrs. Dole cites as her greatest achievement, she first launched what federal regulators later viewed as a public relations effort and her reform proceeded at a slow and costly pace until a federal agency finally sued the Red Cross to force serious top-to-bottom change.

In a schedule laced with paid speeches to civic and political groups, Mrs. Dole spent so much time on the road that she left herself open to criticism that no one was overseeing the organization's routine operations. A 1996 independent study of the Red Cross by KPMG Peat Marwick criticized Mrs. Dole's management style and reliance on a "shadow staff" of consultants.

Critics complained that she added her political allies to the payroll, including Mari Masing Will, the communications director for Bob Dole's 1996 presidential bid, who served as a consultant on the blood program. Mrs. Dole also installed important Republican donors, such as Inez Andrews, wife of the agribusiness giant Dwayne Andrews, a longtime supporter, on the Red Cross board of directors.

Always mindful of image, she occasionally tried to distance herself from controversies the Red Cross faced, according to those inside and outside the organization, leaving others to take the public heat.

"She delivers the good news," said Paul Clancy, editor of the Non-Profit Times, which has closely monitored Red Cross operations for years. "The bad news is delivered by someone else."

An event late last year showed how she sometimes left the impression that she was using the Red Cross job to better position herself politically, charity watchdog groups say.

Mrs. Dole was prominently featured on a prime-time television Christmas Eve "spectacular" showcasing the charity's achievements. "People were thrilled," said Josie Martin, Red Cross spokeswoman, who left her post last week. The show raised \$25,000 through a national toll-free number and may have brought in more to the Red Cross's 1,300 local chapters.

The telecast cost the Red Cross \$1.3 million to produce and was planned by Melinda Farris, a Red Cross consultant, who had helped organize special events for Mrs. Dole at the 1996 Republican National Convention.

Mrs. Farris came to the Red Cross in 1994 after doing political image consulting work for Republican women. She said she and Mrs. Dole never discussed her possible presidential candidacy during the preparation for the Christmas Eve television show.

Robert Bothwell, president of the National Committee for Responsive Philanthropy, said that the program may have had a legitimate purpose but that its timing also gave it "the appearance of being a launching show" for a Dole presidential bid.

Eleven days after the show aired, Mrs. Dole announced that she would resign to consider a run for the White House.

The purest indicators of Mrs. Dole's performance as Red Cross president are the numbers that nonprofit groups use to measure success. Money magazine rated the Red Cross the nation's best-run charity in 1996, based on the proportion of its income, 92 percent, that went directly toward helping the public.

Norman Augustine, longtime chairman of the Red Cross board, said he thinks Mrs. Dole ranks high as a Red Cross leader.

"If I was speaking in business terms, I'd say

she's done 'a turnaround,'" Mr. Augustine said.

In fund-raising, Mrs. Dole was battling against a \$67 million cutback in money received annually from the umbrella agency, United Way. She fought back, but it was an expensive proposition: The costs of fund-raising doubled from \$33 million in 1991, the year she arrived, to \$67 million last year.

Overall, however, it was a successful effort. The 9 percent increase in public donations that Mrs. Dole achieved translated to a total of \$567 million last year.

Corporate and other nontraditional donations more than doubled during her tenure. She called on business leaders she knew from her previous political jobs. Many of them gave generously to the Red Cross for the first time.

Mrs. Dole also lobbied personally to get Congress to give the Red Cross \$170 million, to the chagrin of less well-connected charities. Getting such money "smacks of inside dealings," said James MacPherson, head of America's Blood Centers, the group of nonprofit blood banks that competes with the Red Cross.

None of the controversies surrounding her leadership surfaced in New Hampshire last week as Mrs. Dole recapped her Red Cross years in what was billed as a speech on "the values of volunteerism" but which quickly took on the feel of a prelude to a presidential announcement.

## It's a Wonderful Midlife

The Classic Crisis Isn't the Norm, Study Shows

By Erica Goode  
New York Times Service

NEW YORK — On Madison Avenue, childhood is carefree, adolescence equals angst, and middle age is synonymous with emotional upheaval — and a passion for sports cars.

But researchers who study the unfolding course of human lives have learned to distrust such popular stereotypes. The reality of development across the human lifespan, they find, is almost always more complicated, less romantic and far more interesting than any portrayal offered up by the world of advertising.

Certainly this is true of the portrait of middle age emerging from a 10-year study of nearly 8,000 Americans by the MacArthur Foundation Research Network on Successful Midlife Development, which released the first in a series of reports on its findings Monday.

Far from being a time of turmoil, for most people the middle years appear to be a time of psychic equanimity, good health, productive activity and community involvement, the researchers found. "On balance, the sense we all have is that middle age is the best place to be," said Orville Brim, director of the network, which is made up of researchers from many academic disciplines.

The years between 35 and 65, and in particular the decades between 40 and 60, are when people report increased feelings of well-being and a greater sense of control over many parts of their lives. A majority of participants in the MacArthur study said they felt better about their lives than they did 10 years before.

Finances and sex life were the areas over which people in the study felt they had least control. Men in the study felt more in control of their marriages than women, while women felt more in control of their sex lives.

And though the notion that most people undergo a "midlife crisis" persists in the public mind, the study confirms earlier findings that midlife upheaval is the exception rather than the rule. Only 23 percent of participants in the study reported having a midlife crisis, and only one-third of those described the crisis as a time of personal turmoil brought about by the realization that they were aging. The rest tied the crisis to specific events in their lives, in some cases events that had

nothing to do with aging. Margie Lachman, a professor of psychology at Brandeis University and a member of the MacArthur network, said people who did experience a midlife crisis appeared more likely to score high on a scale of "neuroticism" and to have a higher level of education.

The centerpiece of the MacArthur project is the Midlife Development in the United States, or MIDUS, survey, an in-depth canvassing of 3,000 English-speaking adults from 25 to 74 years old. The survey, conducted by telephone with follow-up mail questionnaires, explored a variety of areas under the broad headings of physical health, psychological well-being and social responsibility and was designed to explore why some people seem more successful at achieving these in midlife than others.

A further 5,000 subjects also completed the telephone interview and mail questionnaire as part of 11 related studies. Results from those studies will be released in future reports, Mr. Brim said.

While other research has plumbed various aspects of the middle of the human lifespan, the strengths of the MacArthur project, the researchers said, are its size and comprehensiveness and the opportunity it affords researchers to compare and correlate data from a large sample in many domains of life.

In the realm of physical health, the study found a "strong sense of optimism among people in midlife" about their health and the prospects for it in the future. More than 70 percent of those surveyed described their health as "excellent," though that number dropped about 20 points among older respondents when they were asked how good they expected their health to be in 10 years.

Though survey participants were likely to underestimate their risk of serious illnesses such as cancer and heart disease, according to Paul Cleary, professor of health-care policy at Harvard Medical School, who analyzed some of the survey's health data, more than 95 percent agreed that "keeping healthy depends on things I can do."

Back problems (22 percent), arthritis or rheumatism (21 percent), anxiety, depression or other emotional difficulties (21 percent), stomach trouble (20 percent) and high blood pressure or hypertension (19 percent) were the most frequent complaints among study participants aged 35 to 64.

## Murder With 'Dramatic' Flair

Prosecutors Hone Motive Theory in Texas Racist Killing

By Rick Lyman  
New York Times Service

JASPER, TEXAS — John William King had dreamed of forming his own chapter of a white supremacist group but felt he needed some dramatic event to catapult him into the limelight and attract members.

That, prosecutors said on Tuesday for the first time, is the theory of why Mr. King and two other young white men chained a 49-year-old black man to the back of their pickup truck last June and dragged him 3 miles (5 kilometers) down a country road until his flayed and battered body was torn apart.

The case against Mr. King, 24, the first of the three suspects to come to trial in the death of James Byrd Jr., opened Tuesday morning before a jury of seven men and five women — all white except for one black man.

Bill King needed to do something dramatic that would get media attention, which would attract, in their warped world, new members, said the Jasper County prosecutor, Guy James Gray, in his 10-minute opening statement.

In a search of the apartment that Mr. King had been sharing with his fellow defendants — Shawn Berry, 23, and Lawrence Brewer, 31 — police found not only racist books but also an article from the December 1996 issue of *Black Panther* magazine, about the killing of Emmett Till in Mississippi, a notorious racist slaying of the 1950s, pointing

out how the accused killers had gone free when an all-white jury acquitted them.

Police also found some of Mr. King's own racist writings, including a constitution he had written for an organization he hoped to create called the Texas Rebel Soldiers Division of the Confederate Knights of America. Also found were a code of ethics for the group, a list of

Letters written by a defendant included racist statements about sexual relations between white women and black men.

bylaws, applications for membership and a letter to be sent out to new members. The new organization was to begin operating on July 4, 1998, Mr. Gray said. Prosecutors hope to prove that the timing of Mr. Byrd's death, less than a month earlier, was intended to help in that beginning.

Mr. King became a member of the Confederate Knights of America, a prison-based white supremacy group, while serving a jail term in the mid-1990s. It was during this stretch that he met Mr. Brewer, also a member of the racist group. Mr. Berry had been a friend of Mr. King since their high-school days.

Prosecutors also introduced letters on Tuesday that were written by Mr. King to a 15-year-old girl who had been his pen pal while he was in prison. Those letters included numerous profanities and racist statements, particularly about sexual relations between white women and black men.

Haden Cribbs, the chief defense lawyer, made no opening statement on Tuesday but reserved the right to make one later. He did pause during one of the breaks in the trial to shake his head at the evidence that prosecutors had unveiled in the trial's opening day.

"The evidence does appear overwhelming," Mr. Cribbs said, but he cautioned against concluding that, as a result, Mr. King is guilty of the charges against him.

In letters to local newspapers, Mr. King has admitted to being in the pickup the night of the murder but said he had left the others before the killing, which he blamed on a drug deal turned sour between Mr. Berry and Mr. Byrd. Mr. King's lawyers have yet to reveal their trial strategy.

Mr. King's father, suffering from emphysema, sat in the front row behind the defense table at the trial, plastic tubing connected to an oxygen canister beneath the long bench. At the defense table, Mr. King sat quietly watching the testimony, often resting his head in his left hand. His two lawyers, both white, sat to his left.

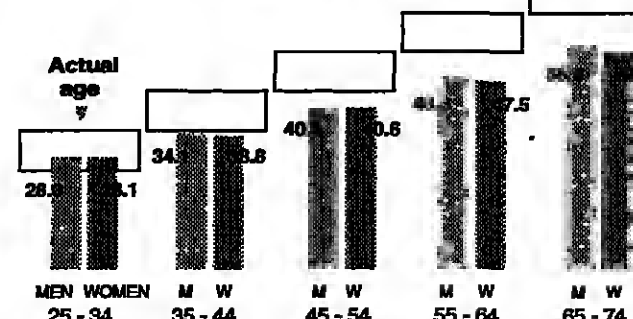
On the other side of the aisle sat two rows of the friends and relatives of Mr. Byrd.

## Getting Through Midlife Without the Crises

In a survey of adults, ages 25 to 74, participants were asked a wide variety of questions dealing with many aspects of life. The results show that those in midlife have a generally youthful outlook and a high level of happiness.

What age do you feel most of the time?

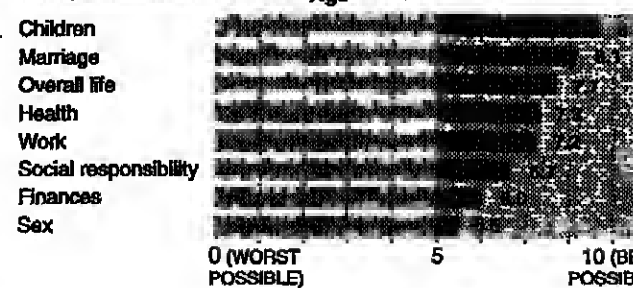
PEOPLE FROM 35 TO 74 YEARS FEEL YOUNGER THAN THEIR AGE



Quality of life in several domains

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Overall life  
Health  
Work  
Social responsibility  
Finances  
Sex

Source: MacArthur Foundation Research Network on Successful Midlife Development



## No Longer the Poor Cousins

Republican Moderates Gaining Power on Key Issues

By James Dao  
New York Times Service

WASHINGTON — Since Republicans regained control of Congress in 1994, the party's conservative leaders have treated Republican moderates like poor cousins — patiently tolerated but frequently ignored.

Now these moderates, concerned that impeachment has tarnished their party, and them, too, are vowing a more forceful role in Congress this year, demanding that the party take pragmatic stands on issues like abortion, education, taxes and the environment.

"People perceived as the most dogmatic, I mean conservative, are opening their minds to us out of necessity," said Representative Brian Bilbray of California. "They realize their agenda is not going to move without us."

Moderates have made pronouncements like that in the past, only to buckle under pressure from conservatives. But they contend their hand is stronger this year for several reasons.

One is the election of Representative Dennis Hastert of Illinois as speaker. He is widely viewed as a pragmatist.

Another is the Republicans' slim nine-vote majority in the House, which will require the leadership to court moderate Republicans, or conservative Democrats, to enact legislation.

"I'd rather we had a larger majority, but for the short term, it helps us," said Representative Peter King of New York, who often votes with the moderates.

In addition, Republicans of all stripes are saying that the party must prove it is about

more than impeachment. That will require moving toward the center and passing substantive legislation on health care, education and taxes, the moderates contend.

"At this point, Republicans aren't terribly popular in many parts of the country," said Representative Jim Ramstad of Minnesota, who represents the moderates in House leadership meetings. "Impeachment has exacerbated that problem. The pressure is on the Republican Congress to produce, no question about it."

Representative David McIntosh, a leading Republican conservative from Indiana, said conservatives see a need to talk more with moderates.

"On the social issues, there are big differences of opinions," he said. "But people understand that when you have a narrow margin, you can't have everything you want, so let's work through those issues."

But the limits of the moderates' influence were made clear last week when the House leadership won passage of a bill that would make it easier to kill legislation that is considered expensive to business, typically environmental or health and safety measures.

In the first weeks of the 106th Congress, moderates in both houses have asserted themselves on several major issues. Most prominently, all five Republican senators who voted against both articles of impeachment last week were Northeast moderates.

But the impact of the moderates is more likely to be felt in the House, which has been the more partisan chamber in recent years.

## POLITICAL NOTES

## Clinton Leads Surplus Battle

WASHINGTON — With impeachment behind him and the Republican-controlled Congress in recess, President Bill Clinton is trying this week to gain the upper hand in the debate over how to divide the federal budget surplus while saving Social Security.

The campaign began Wednesday with satellite-linked town-hall meetings aimed at selling young people on the president's plan to shore up the retirement system and Medicare, which provides health insurance for the elderly and disabled. Mr. Clinton goes to New Hampshire on Thursday to talk about tax-credit proposals.

Administration officials say they want to sharpen the distinctions between the president's insistence on dealing with Social Security before trimming taxes and the Republicans' emphasis on across-the-board tax cuts.

Although some authorities say the surest way to shore up Social Security is to raise taxes and reduce benefits, the White House maintains this is unnecessary. (AP)

## New Jersey Senator Will Retire

WASHINGTON — Senator Frank Lautenberg announced Wednesday that he will not seek a fourth term in 2000. The New Jersey Democrat, who turned 75 last month, has insisted for months that he wanted to win another term in hopes of becoming a committee chairman should Democrats win back control of the Senate.

Mr. Lautenberg's decision will affect the political calculations of both parties as they plot the 2000 elections. With 19 Republican seats and 14 Democratic seats up for re-election, Democrats are energized at the idea of narrowing or closing the 55-45 seat advantage now held by the Republicans. (AP)

## Quote/Unquote

Mayor Rudolph Giuliani of New York, about the possible Senate candidacy of Hillary Rodham Clinton: "She hasn't decided to run. I haven't decided to run. I learned in politics a long time ago that until there is a race, everything is speculation." (NYT)

## Away From Politics

• An auction of O.J. Simpson's sports memorabilia and other belongings raised a total of \$430,000, including \$230,000 for the former football hero's Heisman Trophy. The proceeds will go toward paying a \$33.5 million civil judgment against him over the 1994 murders of his ex-wife Nicole Brown Simpson and her friend Ronald Goldman. (Reuters)

• The largest of the surviving octuplets has been moved from an incubator to a nursery crib at Texas Children's Hospital in Houston. Joke Chukwu, who weighs just under four and a half pounds, and his sister Echerem remain in serious condition. Five siblings are in critical condition. (AP)

• State officials plan to vaccinate nearly 5,000 people in Williston, North Dakota, after a 2-year-old boy died of a meningitis-related bacterial infection. (AP)

Monday

## HEALTH/SCIENCE

With a wide range of topics from technology to space exploration, from recent medical discoveries to how the human brain functions, this in-depth feature brings up-to-date information on scientific and physical developments in the intriguing worlds of health and science.

Every Monday in the International Herald Tribune.

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## ASIA/PACIFIC

## Pakistan High Court Rules Against Military Tribunals

ISLAMABAD, Pakistan — In a ruling that spurs 14 people from death sentences, the Pakistani Supreme Court decided Wednesday that civilians cannot be tried in military courts.

The seven-member panel declared that "military courts for the trial of civilians" were "unconstitutional, without lawful authority and of no legal effect."

Attorney General Chaudhry Farooq said the cabinet of Prime Minister Nawaz Sharif would meet to decide whether to ask the court to review the decision.

Supreme Court rulings cannot be appealed, but justices can be asked to reconsider their decisions.

In November, the government set up the new military tribunals in Sindh Province to try to reduce the spiraling crime rate. Last month, the government announced it would establish similar courts throughout the country in a campaign to fight crime.

"We are not oblivious of the fact that terrorism in Karachi and in other parts of Pakistan has not only taken a toll of thousands of innocent lives but has also affected the economy of the entire country," the judgment read.

"And it is a matter of paramount importance that this menace is eliminated effectively in the shortest possible time, for which a solution should be found within the framework of the constitution."

The Human Rights Commission of Pakistan welcomed the court ruling, calling it a "victory for the country's constitution." It said the decision was a "defeat of those who pleaded expediency above rule of law, arbitrariness in place of established norms."

There was some uncertainty over when and how the Supreme Court ruling goes into effect. It said all cases before the military courts must be transferred to Pakistan's anti-terrorism courts.

Within hours of the judgment, the

military courts that were in session adjourned, the Associated Press of Pakistan said.

An army spokesman earlier said the trials would stop once the army had received its orders from the government or the Supreme Court.

Former Prime Minister Benazir Bhutto called the court ruling a "slap in the face for a regime hell-bent upon destroying every institution of state."

The Muttahida Qaumi Movement, often known as MQM, a small ethnic party that dominates the cities of southern Sindh Province, accused the government of using the military courts to target its supporters.

The MQM, which represents Urdu-speaking Indians who emigrated to Pakistan, challenged the legality of the tribunals in an appeal to the Supreme Court.

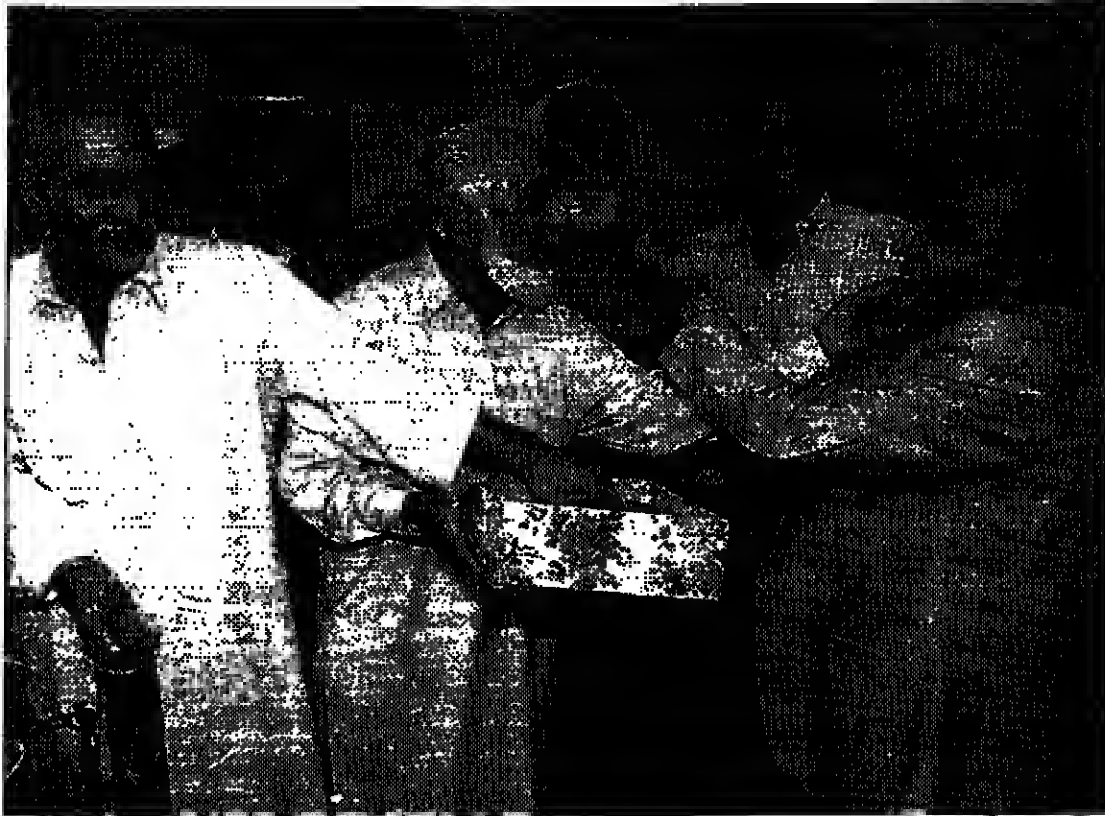
"This decision shows that the Supreme Court is not under pressure from anyone," Babar Qauri, an MQM spokesman, said. "The decision has proved that the people of Pakistan can approach the Supreme Court to seek justice."

Three people were executed in Sindh Province after being convicted by an army-run court. Last month, the Supreme Court ordered all death sentences suspended pending its ruling.

The government argued that the military courts were effective and that the crime rate had dropped substantially since the panels began operating in Karachi, the Sindh provincial capital.

Cases before the military courts generally take less than two weeks compared with months, and sometimes years, in the civilian judicial system.

In the military trials, the court appoints attorneys for the defendants and the attorneys are not allowed to call witnesses, even though prosecutors can call witnesses. The defendants' attorneys cannot argue verbally and must present their defense entirely in writing.



Members of the Muttahida Qaumi Movement celebrating the court ruling in Karachi on Wednesday.

## In Indonesia, a Clash and a Rally

JAKARTA — Indonesian troops fired warning shots Wednesday in a clash with thousands of workers in Surabaya, the No. 2 city, while in Jakarta hundreds of people demonstrated to show support for former President Suharto.

At least 20 people were hurt in Surabaya when hundreds of troops used batons and water cannon to break up a protest by 5,000 workers trying to break through army barricades and advance on the city center, witnesses said.

"They had tried to go the city, and none of the workers are allowed to enter no matter what," said the police chief, Colonel Bambang Soerisno. He said that four students had been arrested.

The workers from a household goods maker, PT Maspin, have held several protests this month to demand more money and better conditions and have fought several

times with security forces.

On Tuesday, the police fired warning shots and tear gas to disperse 4,000 Maspin workers rallying in the factory's compound.

In Jakarta, about 400 demonstrators gathered in front of the attorney-general's office to show support for former President Suharto and his family, who are under investigation over graft allegations.

Witnesses said there were no security forces at the scene. The protesters insisted that Mr. Suharto and his relatives should not be vilified or mocked by the Indonesian people.

About 500 people rallied in support of Mr. Suharto's eldest daughter, Siti Hardianti Rukmana, this month while she was being questioned at the same office over corruption charges.

Indonesia has been rocked by religious, political and social violence over the past year as it faces its worst

economic and political crisis in decades.

Meanwhile, the president of the International Committee of the Red Cross, Cornelio Sommaruga, said he had asked for permission to expand relief operations in Indonesia because of the worsening situation, especially in the disputed territory of East Timor and the province of Aceh.

The Red Cross has about five expatriates in East Timor, five in Jakarta and two on a semi-permanent basis in Aceh in Sumatra. Mr. Sommaruga said he had asked Foreign Minister Ali Alatas to be allowed to establish a permanent office in Aceh.

The western province has a centuries-old history of fighting central rule. Scores have been killed in the staunchly Muslim province during clashes over the last six weeks, mostly between pro-separatist civilians and the military.

## BRIEFLY

## Muslim Secessionist Is Willing To Meet Philippines President

MANILA — The Muslim secessionist leader Salamat Hashim is prepared to meet President Joseph Estrada to push peace talks forward in the southern Philippines, the chief rebel negotiator said Wednesday.

Ghazali Jaafar, vice chairman for political affairs of the Moro Islamic Liberation Front, said rebel leaders held a top-level meeting Tuesday to discuss the proposed meeting between President Estrada and Mr. Hashim, chairman of the Moro rebels.

Mr. Estrada is scheduled to visit Mindanao, the main southern Philippine island, from Feb. 25 to Feb. 28. A presidential spokesman, Jerry Barican, said Mr. Estrada is prepared to meet Mr. Hashim "provided the ground work has been set" and the agenda is clear. (AP)

## UN Concern Over India Attacks

NEW DELHI — A senior UN official said Wednesday that there was a serious reaction in India to recent attacks on the Christian minority, and she urged the authorities to take strict action against those responsible.

Mary Robinson, UN high commissioner for human rights, said Indian officials had candidly spoken about the attacks against the Christian community.

Christians, who make up less than 3 percent of the predominantly Hindu nation, have faced a wave of attacks since Christmas by alleged Hindu extremists in Gujarat in western India and Orissa in the east. (Reuters)

## Dhaka Opposition Plans Strike

DHAKA, Bangladesh — An alliance of opposition parties will hold a 72-hour nationwide strike later this month to coincide with local municipal elections, an opposition spokesman said Wednesday.

The strike, to be led by former Prime Minister Khaleda Zia, is part of a campaign to demand the dismissal of Bangladesh's chief election commissioner, Mohammad Abu Hena.

The opposition accuses Mr. Hena of favoring Prime Minister Hasina Wazed's Awami League party in recent elections and says he would do the same in municipal elections Feb. 23-25. An opposition strike last week killed seven and injured at least 1,000. (AP)

## Thais Seek Better Burma Ties

BANGKOK — Thailand indicated Wednesday that it wanted to improve its diplomatic ties with Burma's military government after a series of border incidents that strained relations.

Thailand's army chief, Surayuth Chulanont, said before leaving on a three-day official visit to Burma that his mission was to soothe relations.

Relations between Thailand and Burma have been tested in recent months, after a series of gun battles at sea along disputed border areas between the southern Thai province of Ranong and Burma's Victoria point. At least seven people have been killed in the incidents, involving armed Burmese vessels and ships, which have occurred sporadically since the middle of 1998. (Reuters)

## Coalition Faces Uphill Task In Eastern Malaysian State

KUALA LUMPUR — Prime Minister Mahathir bin Mohamad's governing coalition will have difficulty retaining power in the eastern Sabah state in elections that could be called as soon as next month, senior Malaysian officials say.

"It will be an uphill task due to anti-federal sentiment and widespread practice of money politics," a deputy minister from the National Front coalition said in an interview after making a visit to Sabah.

Family members were divided in their support for the various parties, he said. "The wife would support the government," he said, "but the husband is a supporter of the opposition."

He also said that Sabah members of Mr. Mahathir's United Malays National Organization did not demonstrate their loyalty to the party, unlike members in peninsular Malaysia.

"Their interest was more important than the party's," he said.

Mr. Mahathir's party is the dominant member of the National Front coalition and champions the interests of the country's Muslims, who represent about 54 percent of the 2.2 million Malaysians.

The Sabah state government's term ends March 18 and an election should be held within 60 days after the term expires.

Analysts expect the assembly to be dissolved after the Lunar New

Year celebrations this week and elections to be held in mid-March.

An unofficial election campaign has been waged for the past couple of weeks, and Mr. Mahathir is expected to start a three-day visit to Sabah on Feb. 18.

The deputy minister said a visit by some senior UMNO ministers to help in the election campaign had backfired because of their insensitive approach.

"Some of these ministers just play golf and entertain supporters at the hotels," he said.

UMNO has 21 of the 43 seats held by the coalition in the 48-seat Sabah state assembly.

The National Front is expected to face a stiff challenge from the local opposition party, the Kadazan-Basah Parti Bersatu Sabah led by Joseph Pairin Kitingan.

The local party is making a comeback after winning 25 seats in the 1994 election but then having 21 legislators defect within a month of being sworn in.

Political observers say the National Front also faces a challenge for the Muslim vote from Parti Barisan Rakyat Sabah Bersekutu, led by another former chief minister, Harris Salleh.

A major concern among opposition parties is false ballots. Mr. Pairin of Parti Bersatu Sabah highlighted the issue recently, saying he feared "the dead would rise from the grave to vote." There are 726,000 eligible voters in Sabah.

## INTERNATIONAL

## Truth Panel Rejects Amnesty Plea in Killing of Biko

By Suzanne Daley  
New York Times Service

JOHANNESBURG — Four former police officers who maintained that they had accidentally killed the anti-apartheid activist Steve Biko when he became agitated and had to be restrained have been refused amnesty by South Africa's Truth and Reconciliation Commission.

In a lengthy ruling, the commission cited several reasons for its judgment, including the belief that the officers had lied about what happened to Mr. Biko, who died of severe head injuries after they interrogated him in 1977.

The commission said the applicants' version of Mr. Biko's death was "so improbable and contradictory that it has to be rejected as false."

"Moreover, none of the applicants has impressed us as a credible witness," the commission said. "They had clearly conspired to conceal the truth of what led to the tragic death of Biko soon after the incident and have persisted in this attitude before us."

The ruling Tuesday night ended one of the more controversial cases to go before the commission, which was created to help South Africa put its brutal past to rest without the expense and divisiveness of criminal trials.

In theory the ruling leaves the officers vulnerable to criminal prosecution. But that seems unlikely. Legal experts say that proving a charge of murder with intent to kill would be extremely difficult. And a lesser charge of manslaughter would not be possible because the 20-year statute of limitations has expired.

Just how Mr. Biko was killed has been one of the apartheid-era's most enduring mysteries.

Mr. Biko and a friend were arrested outside the small town of Grahamstown in August 1977 on their way to a political meeting in Cape Town. His death in custody that September stirred outrage abroad, and many see it as a turning point in the campaign against apartheid.

The amnesty hearings for the officers, which drew hundreds of spectators, appeared to provide some new details about

how the young founder of the Black Consciousness Movement died.

The officers described how they lied about which day Mr. Biko was taken into custody to cover up the fact that they had not sought medical treatment for him. And they told of how Mr. Biko was left, standing and handcuffed to a window grille for nearly two days even though it was clear that he was no longer coherent.

But the officers claimed that Mr. Biko suffered his head injuries by accident after he lunged at them because they would not let him sit down. Some said Mr. Biko's head was slammed into a wall like a battering ram during the scuffle. One of the officers said Mr. Biko also hit his head on a table.

After the botched interrogation, Mr. Biko was driven about 800 kilometers (500 miles) across the country, lying naked and shackled in the back of a police van, for medical care in Pretoria. The 30-year-old activist died in a police cell before he was taken to the hospital.

To qualify for amnesty, an applicant must confess all and have had a political motive for his actions.

But none of the officers — Daniel Petrus Siebert, Jacobus Johannes Oosthuysen Benneke, Rubin Marx and Harold Soyman (who has since died) — admitted to any crime, saying that they had acted to defend themselves or to restrain Mr. Biko.

For that reason alone, the commission said, it could not grant amnesty. Also if the act was an accident, it could hardly be associated with a political objective, the commission said.

A separate application by a fifth police officer who participated in the interrogation of Mr. Biko, Gideon Nieuwoudt, was rejected last month for similar reasons.

In dismissing the police officers' versions of Mr. Biko's death, the commission said it appeared more probable that Mr. Biko was attacked because the officers were offended by his "arrogant, recalcitrant and noncooperative attitude, particularly exemplified by his occupying a chair without their permission to do so."

"This view is reinforced by the cruel and inhumane manner in which Biko was treated after he sustained the fatal injury," the commission said.

## BRIEFLY

## Gore Leads Visit To South Africa

CAPE TOWN — Vice President Al Gore led a high-level U.S. delegation to South Africa on Wednesday, urging the country to focus on business development as much as it had on abolishing apartheid.

Mr. Gore made the appeal as he visited a factory in Cape Town that manufactures windup radios and flashlights, most of which are sold in the United States.

Mr. Gore and the South African deputy president, Thabo Mbeki, are to chair a meeting Thursday of the United States-South Africa Binational Commission, which will discuss cooperation on trade, justice, conservation, health and other issues.

Accompanying Mr. Gore are Attorney General Janet Reno, Commerce Secretary William Daley, Interior Secretary Bruce Babbitt, Secretary of Agriculture Dan Glickman, Energy Secretary Bill Richardson and other top officials. (AP)

## Congo Rebels Fight For Diamond Center

KIGALI, Rwanda — Reinforced by fresh Rwandan troops, Congolese rebels have broken a months-old lull in fighting and are pressing toward a key southern diamond center, the rebels and Rwandan sources said Wednesday.

Ernest Wamba dia Wamba, the rebel leader, said the fresh offensive had followed the failure of African mediators to broker a cease-fire and persuade Laurent Kabila, president of the Democratic Republic of the Congo, to negotiate peace directly with the insurgents.

Mr. Kabila is insisting on Rwandan and Ugandan withdrawal from Congo. Rwandan sources, speaking on condition of anonymity, said chartered Russian aircraft recently had airlifted thousands of Rwandan troops to southeastern Congo, where they were assisting the rebels in a three-front offensive aimed at Mbuji-Mayi and its mines, 930 kilometers (580 miles) east of the capital, Kinshasa. (AP)

Cuba Toughens Law On Major Crimes

HAVANA — Cuba's National Assembly, heading a call from President Fidel Castro to get tough on crime, has adopted legislation applying the death penalty and life imprisonment for drug trafficking and other offenses.

The law, which modified 25 of the nearly 350 articles of Cuba's existing penal code, was approved Tuesday and gives legal teeth to an ongoing crackdown waged by Cuban police against criminals of all kinds.

This followed a speech by Mr. Castro last month in which he condemned rising crime, including drug trafficking, murder, rape, prostitution and violent robberies, as a major threat to the security of Cuba's socialist society. (Reuters)

## U.S. Customs Notes Risk of Corruption

WASHINGTON — The front-line role of the Customs Service in the U.S. government's war against illegal drugs has left the agency highly vulnerable to narcotics-related corruption, customs officials have acknowledged in a report to Congress.

The report, which was sent to a House of Representatives panel with jurisdiction over the agency, admitted that the service had failed to combat corruption aggressively. In an atmosphere of neglect, internal inquiries languished and were sometimes impeded because of infighting, the report said.

The report is the service's most extensive and critical examination of the way it deals with narcotics-related corruption and other internal issues after years in which sporadic corruption cases have tarnished the image of an agency with 12,000 field inspection employees.

The report concluded, "The large amounts of illegal drugs that pass through U.S. Customs' land, sea and air ports of entry and the enormous amount of money at the disposal of drug traffickers to corrupt law-enforcement personnel place customs and its employees at great risk to corruption."

Once focused on preventing the entry of illegal trade goods and farm products, the service has been thrust in recent years into broad responsibilities in interdicting narcotics at the 300 ports through which marijuana, cocaine, heroin and other illegal drugs can flow into the United States. The report was ordered by lawmakers, but customs officials said the agency had taken the initiative to review its approach to corruption issues.

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**BRIEFLY**

**Tim Secessionist Is Willing to Let Philippines President**

MANILA — The Muslim separatist group in Mindanao, Philippines, has agreed to let President Joseph Estrada's administration handle the peace process, according to a spokesman for the group. The group, the Moro Islamic Liberation Front (MILF), has been fighting a long-running conflict with the Philippine government. The peace process is expected to take several years to complete.

**Concern Over India Attack**

NEW DELHI — A series of attacks on Christians in India has sparked a wave of protests across the country. The attacks are believed to be part of a broader campaign of violence against Christians in India. The Indian government has expressed its concern and is working to bring the attacks to a halt.

**Also Opposition Plans Strike**

NEW DELHI — The opposition in India has announced plans for a nationwide strike to protest against the government's handling of the attacks on Christians. The strike is expected to take place in the coming days.

**India Seeks Better Burma Trade**

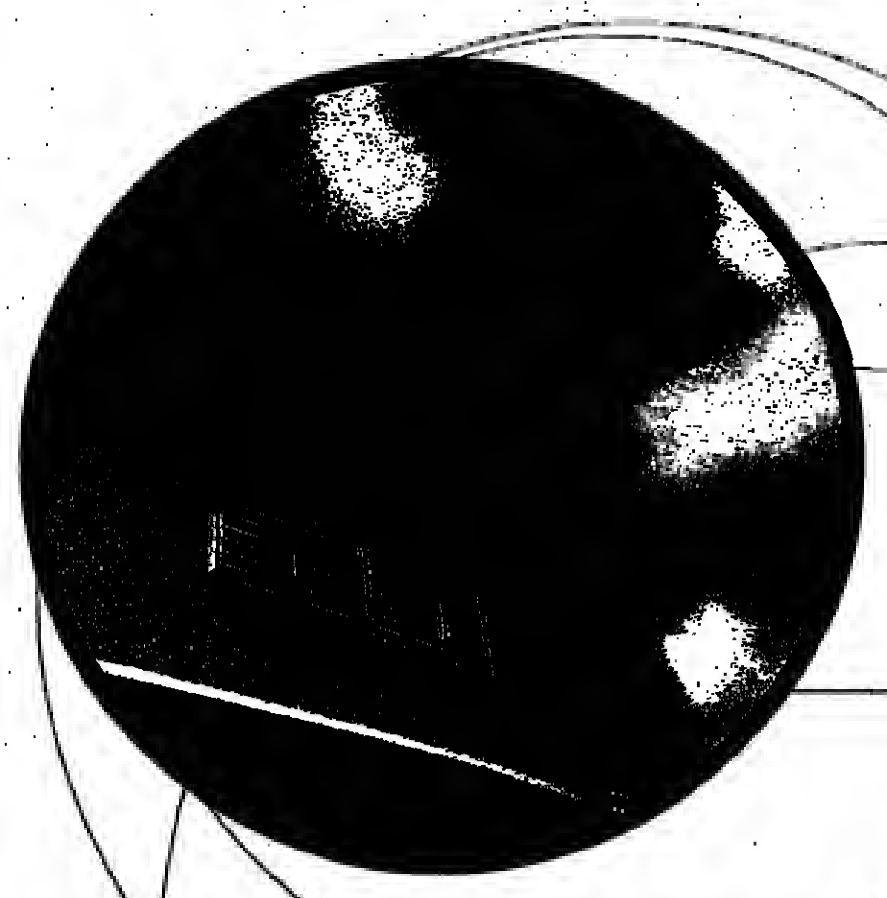
NEW DELHI — India is seeking to improve its trade relations with Burma. The Indian government is working to establish a more stable and predictable trade environment with Burma. This is part of India's broader strategy to strengthen its ties with neighboring countries.

**Killing of Biko**

JOHANNESBURG — The killing of anti-apartheid leader Steve Biko has been the subject of a new book. The book, titled 'Steve Biko: The Untold Story', provides a detailed account of Biko's life and the circumstances surrounding his death. It is expected to be a significant contribution to the understanding of the anti-apartheid struggle in South Africa.

**U.S. Customs Risk of Corruption**

WASHINGTON — A report from the U.S. Customs Service has raised concerns about the risk of corruption. The report states that there is a need for improved oversight and controls to prevent corruption within the Customs Service. The U.S. Customs Service is a federal agency responsible for enforcing U.S. trade laws and collecting duties on imported goods.



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## ALT / Commentary

### An On-Line Outpouring Helps a Family Endure

Advice and Prayers Flow for Leukemia Victim

By John Schwartz  
Washington Post Service

WASHINGTON — Gabe's gone. Though I never met the California teenager, and I feel that I've known his family for years. Thousands of people feel the same way.

Gabriel Catalfo's life, his struggle to bring the leukemia that was first detected in 1991 into remission and then his death in November all were chronicled on-line by his father, Phil. He posted his story on the Web, a Sausalito, California-based on-line community known for having some of the best discussions available on the Internet.

After introducing the notion of telling his family's story, Phil began posting messages like this one in 1991:

**DAY 1: Monday, 1/17/91**  
At about 4:30 P.M., I was plinking away on my computer when I heard the door to my office open suddenly. A brisk wind blew in briefly, and I turned to see my wife,

Michelle, entering. In a slightly tremulous, half-whispering voice, she said, "I don't know how to tell you this, but Gabriel has leukemia."

Their athletic, robust, 7-year-old son had been complaining of abdominal aches and had grown pale. A blood test confirmed the cancer.

The drive home was cold and quiet, except for my head. I have to tell the kids. I have to tell the neighbors. I have to tell the whole freaking world. My son has leukemia. My son has leukemia. I have to tell somebody. If I tell everybody, eventually I'll tell somebody who can undo this.

In the ensuing years, Phil was unflinching in his detail about medical procedures, side effects of drugs and the everyday horrors of treatment.

In recent years he have seen an increasing number of first-person accounts of cancer. But in the nearly unlimited space of the on-line medium, Phil was able to go into a level of detail that I have never encountered in other accounts. His combination of clinical thoroughness, somber elegance and rich spirituality made his story riveting.

But just as compelling was the interplay between the storyteller and his community, the constant feedback from his many readers in comments, advice, praise and prayers.

Some of the comments were uplifting, some heart-breaking—and, as with any community, any family, some were boorish and inane, like those of the relative who visits you in the hospital and wants to tell you about his operation.

Gabe and his doctors did beat the cancer into remission, and Phil ultimately credited the outpouring of support from a network of friends around the world—most of whom he had never met—with helping Gabe, his parents and two siblings make their way through the ordeal.

It's like the scene in those movies where the bad guy rides into town and, in the climactic moment, the entire town shows up to quietly stare him down. The on-line community had

helped Gabe & Co. stare down death.

Phil kept us all posted about Gabe's subsequent ups and downs.

Last June the cancer was back with a vengeance.

Once again, Phil gave us insights into Gabe, a bright kid who, like his father, could say things that cycled rapidly from childlike to wise to heart-breakingly funny. Phil recounted Gabe's reaction when he was informed by his parents that the leukemia was back:

"I'm scared," he said. He called for his mom a couple of times, and she told him she was right there.

Then—within seconds, it seems—he calmed. "It's O.K.," he said. "I'm at peace. Don't worry about me."

That didn't settle everything, of course. Over the course of the following hours, he expressed disorientation ("I don't know how to live," he said about an hour later, as we were preparing to go out), fear, depression; and I'm sure those feelings will resurface. But overall he has seemed, since that moment, remarkably, almost eerily, calm.

He asked about what happens when you die. I said we didn't know; Michelle pointed out that many accounts from people who've had "near-death experiences" report that "it's beautiful, a beautiful feeling, a beautiful light, and there's no chemo there." That's right, I added, and no pain.

We continued discussing various things for a while. At one point he looked up at me, smiling through trembling lips, and said, "Hey, Dad, maybe you can write a book about me." You know I will, I said, weeping. And maybe you can write something too.

This seemed to lighten his mood. "Hey, this sucks," he said, smiling broadly. "I'm gonna die a virgin!"

THE GOODWILL flowed once again from the community of supporters. But I guess you're right. Gabe died Nov. 4, at age 15.

In his eulogy, Phil said:

"I am charging us all with the task of honoring Gabe's memory by being every bit as heroic as we agree he was. From this day forward, I don't want to hear only how brave Gabe was or even how brave our family is. I want to see how brave we all are. That's how we'll know we learned what Gabe taught us."

Anybody who tries to tell you the Internet is an evil place, that the friendships made there aren't real, that the people are fake—well, those folks just haven't been to the places I've been.

I wouldn't judge an unfamiliar town by its dirty-book stores or singles bars, and I hope that someday the people focused on the dangers of on-line life get to find the kinds of places where people like Phil Catalfo hang out—the kinds of places where the human spirit is affirmed and hope thrives in the face of despair.

John Schwartz is a science reporter at The Washington Post and can be e-mailed at [jschwartz@washpost.com](mailto:jschwartz@washpost.com).

## Cell-Phone Users Get a Spelling Shortcut

By Mike Mills  
Washington Post Service

WASHINGTON — What's the biggest barrier preventing pocket phones from being used as electronic mail devices? It's those dreaded Touch-Tone alpha-numeric keypads. Sure, punching in a phone number is simple. But spelling out words is a headache, with each number key responsible for three letters—ABC, DEF, GHI, etc.

For instance, to spell "Call Me" on a Sony cell phone, one must hit the number 2 three times to advance from A to B to C, and then wait for the cursor to move to the next letter. The letter A also is on the number 2, touch once. The letter L requires three presses on the number 5, etc.

It takes 13 pushes of the buttons to spell just two little words. Imagine writing an entire e-mail message that way.

Some manufacturers have tried cramming a full keyboard into a wireless phone. The Nokia 9000 series has a clamshell design that opens to reveal a small screen and keyboard. The result is a phone that is too big and a keyboard that is too small.

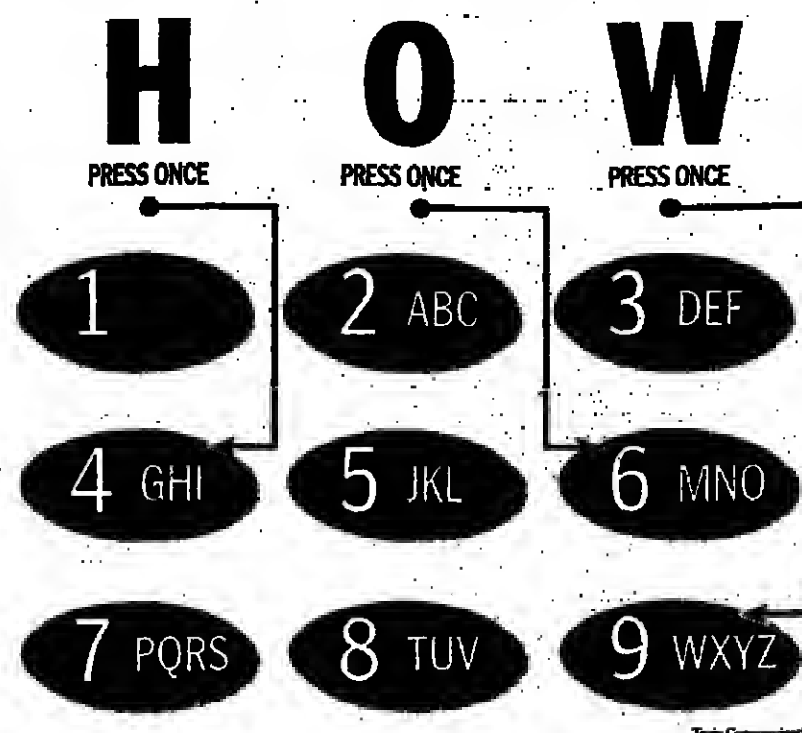
A small, privately held Seattle-based company called Tegic Communications has found a way around the problem, not by abandoning the Touch-Tone keypad but by embracing it and making it faster.

Tegic, founded by a trio of linguists whose previous work involved making it easier for the disabled to communicate, has developed advanced linguistic databases that vastly speed the process of spelling out words on a Touch-Tone keypad.

Its product, called T9 (after the nine buttons on a phone that spell the alphabet), is being rapidly adopted by makers of cell-phone equipment and will appear on many popular-branded phones in the next year. Nokia Oy, Motorola Inc., Mitsubishi Corp., Sony Corp., Samsung Co., Philips Electronics NV and others already have signed on. Several phones on display at the wireless industry trade show this month in New Orleans employed T9.

T9 allows users to simply spell out the words they want by hitting each button once, without having to hit the key again to advance to the correct letter.

Rather than the six button pushes required to spell the word "how" (hitting the number 4 twice to advance to the H,



Tegic's T9 technology lets users spell out words they want by hitting each button once, without having to hit the key again to advance to the correct letter. It then picks the most commonly used word made up of those letters.

the number 6 three times to get to O and the number 9 once to get the W), the user simply hits 4-6-9. The computer chip inside the phone figures out that the user is going after "how" and sorts out the correct letters.

How does it know? It's all about writing software that factors in the most frequently used words in any language, said William Valenti, the Tegic executive vice president for business development. T9, he said, "disambiguates," or decodes, the keystrokes to make a highly educated guess of what the user is trying to spell.

"It's a set of rules on how words are made," Mr. Valenti said. The software sorts through millions of words from the Internet and ranks those that are most commonly used. "It's a living database that reflects how people use text."

But what if it's wrong?

What if the user is trying to spell "home," and it comes out "good"? (Both are 4-6-3.) Or wants "me" and gets "of"? (Both are 6-3.) In those cases, the user would hit the arrow key on the keypad to move to the next most likely word. The computer ranks "good" as more often used than "home" and "of" before "me." The technique still saves strokes: Spelling "home" without T9 requires eight button pushes; with T9 it takes five.

The technology works for more than just English. It's also available for Danish, Dutch, French, German, Italian, Korean, Norwegian, Portuguese, Spanish and Swedish. More languages are scheduled, including Chinese, Finnish and Japanese.

Tegic struggles with issues such as

whether to write software that puts word combinations in their grammatical context, rather than a popularity ranking, so that "me," rather than "of," would naturally follow a verb such as "call." So far, the company has refrained from employing such "context analysis" in English.

But grammatical context has been crucial to adapting T9 technology to Chinese. The Chinese State Language and Character Commission certified Tegic's character-recognition technology in November, making Tegic the first Western company to win such status. Other Western companies had attempted to graft Chinese characters according to Latin-root equivalents, which the Chinese rejected as "culturally insulting," according to Mr. Valenti, who is a former Chinese translator.

Chinese, like most East Asian languages, doesn't readily lend itself to word processing and e-mail. The multiplicity of characters doesn't fit on small, portable devices—and each character itself requires eight to 10 keystrokes. Tegic cuts the process down to a few strokes. Depending on context, for some words used in combination with others, the writer might not need to enter any strokes at all. Five phonemakers so far have licensed the Chinese-language version, Mr. Valenti said.

Tegic has patents on this approach, he said, which puts the company in a strong position to create a standard for typing in e-mail messages on the run. Tegic also is marketing nonphone applications, such as software that creates a touch pad on the screen of Palm personal organizers made by Qualcomm Corp.

Tegic's founders have not forgotten their initial focus. They have grants from the National Institutes of Health to adapt T9 technology for people with disabilities. Soon it will show up in wheelchair text-input devices and eyeglasses that allow people to stare at holographic letters in the lenses and blink to type characters onto a computer screen, Mr. Valenti said.

"We're all disabled when it comes to typing letters on a numeric keypad," he said. The T9 technology, he said, simply allows users to make the best use of "a universal interface that's always going to be there."

Mike Mills covers telecommunications for The Washington Post. He can be e-mailed at [millsm@washpost.com](mailto:millsm@washpost.com).

## Free-for-All in Britain, Where Web Surfers Needn't Pay

By T.R. Reid  
Washington Post Service

LONDON — Eat your hearts out, all you fee-paying Web surfers. In Britain, you can cruise the Internet for free.

Dozens of Internet service providers have sprung up here offering unlimited access to the Internet, along with electronic mail and blocks of data storage space, all without charge. The trend is so popular that some established providers have been forced to eliminate their monthly fees to hold on to subscribers.

The emergence of free competition here puts a squeeze on America Online Inc., which had been the leading Internet provider in Britain, with 900,000 subscribers paying as much as the equivalent of \$34 per month.

This month, the biggest of the no-fee providers, Freeserve, signed up its millionth customer and passed AOL as the top Internet service provider. Other providers that do not charge expect to reach the million-subscriber mark soon.

In most places, the standard pattern for Internet access remains that users pay a monthly fee to a provider; a typical arrangement in the United States provides unlimited hours of surfing for \$19.95 per month. An increasing number of startups in the United States have offered free access, hoping to make their profit on advertising, but several have

recently failed. There are also free, advertising-supported e-mail services, but to get to them you first have to pay the monthly fee to your provider.

Britain's "free" Internet access is not exactly cost-free to surfers, because local telephone service in Britain generally includes a per-minute charge even for local calls. The connection charges run from the equivalent 6 cents per minute on weekdays to 1.7 cents per minute on weekends.

But until Freeserve came along, British Internet users had to pay those telephone charges as well as a monthly access fee. This is presumably one reason why only about 25 percent of Britons regularly access the Internet, compared with 40 percent or more in the United States.

Freeserve, whose address is <http://www.freeserve.net>, was introduced in September by Dixons Group PLC, the electronics retail chain. It was originally a way to get people into the stores, because you have to go to Dixons or one of its allied chains to get the free CD-ROM needed to access the service. But as the number of users skyrocketed, Dixons says, ad revenues grew rapidly.

Since then, several other stores, companies and organizations have started free Internet services. Customers sign up, register a credit card number for any on-line purchases they might want to make, and then call the provider's dedicated phone number.

Tesco PLC, a national grocery and discount chain, provides free service only to customers who hold a Tesco affinity card. But since the card is available to

anybody who wants one, this service, too, is basically free to all. The free-service systems plan to make their money mainly through advertising, but they also cash in on the complexity of the Internet. All offer telephone help lines for befuddled users, at rates of about \$1.40 per minute.

Although fee-based providers were holding their own for a while—evidence because consumers did not know

they could get a similar service free—the movement in Britain now seems to be strongly toward the no-fee providers.

The biggest breakthrough came last week when British Telecommunications PLC renamed its BT Clicknet Internet provider service to BT Clickfree and waived all access fees. John Swingewood, the phone giant's Internet director, said customers had demanded the change.

TECHNOLOGY INDEX			
Technology stock indexes around the world:			
North America	Tuesday close	Pct. change previous week	Pct. change year to date
Pacific Stock Exchange	477.28		+6.25
S&P Tech Composite	1,239.84		+6.13
Europe			
Morgan Stanley Eurotec	652.40		+6.86
Asia			
Topix Electric	1,566.41		+1.55

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see TribTech on the IHT's World Wide Web site at <http://www.ihrt.com>. Articles include:

- Old Satellites Give Russia Dangerous Blind Spots, Feb. 11
- Wired Up in Amsterdam, Feb. 12
- E-Trade Investors Sold Stock Before Post-Trial Sanctions, Feb. 16
- Battling Microsoft, a Confident U.S. Ponders Post-Trial Sanctions, Feb. 16
- Web Ads Anger Trademark Owners, Feb. 16
- Privacy and the Internet: A Trans-Atlantic Fault Line, Feb. 15
- Short on Money, a NASA Contractor Reaches into a Museum to Replace Lost Booster Parts, Feb. 16
- Battling Microsoft, a Confident U.S. Ponders Post-Trial Sanctions, Feb. 16
- Profits Slump in Electronics, Feb. 17
- German-Born Scientist Takes Helm at Telstra, Feb. 17

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## BRIEFLY

### 'WATERMARK' ANTI-COPYING STANDARD:

Five giants in the computer and consumer-electronics industries have agreed on a "watermark" standard for protecting digital movies and videos from unauthorized copying.

The agreement, announced Tuesday, reconciles two competing standards—one supported by International Business Machines Corp. and NEC Corp., the other supported by Hitachi Ltd., Pioneer Electronic Corp. and Sony Corp. The agreement among the five companies promises to remove the last major obstacle preventing manufacturers from bringing digital video recording devices to the market.

The companies said they expected the first significant application of digital watermarks to be in DVD—digital videodisk—systems. The new technology is also expected to be used to protect video distributed electronically by digital broadcasts and networks. An invisible, indelible bit of binary code, known as a watermark, will be embedded in every frame of a digital recording.

Dan Sullivan, the IBM vice president who oversees Asia-Pacific technical operations, said the watermarking would allow unlimited analog copies to be made on existing VCRs.

The concern with digital copies is that they are virtually perfect clones of originals, enabling unlimited copying without protective technologies in place. Analog copies deteriorate rapidly over each generation. (NTT)

SLATE IS FREE AGAIN: It was an important test of one facet of Internet commerce: Would readers pay an annual subscription rate of \$19.95 to read a magazine on-line?

Slate magazine, owned by Microsoft Corp. and edited by Michael Kinsley, which decided 10 months ago to charge readers \$19.95 a year, apparently decided they would not. In an e-mail notice Friday, the magazine said it would now be available free on the World Wide Web.

Scott Moore, Slate's publisher, said that paid subscriptions for content—except for sexually oriented material and investment advice—had not grown as expected. The number of paying subscribers, he said, was in the "high 20,000s."

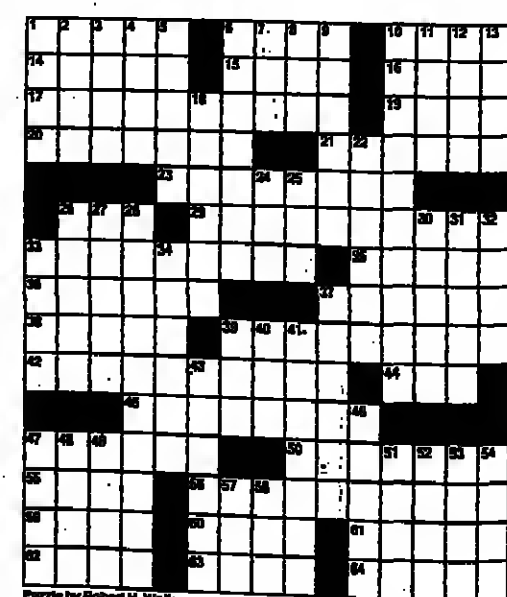
Under the new arrangement, readers who pay \$19.95 a year will get e-mail deliveries and print-out editions and will have access to the Slate archives. (NTT)

- ACROSS**
1. Belle of the old West
  2. Jackpot
  10. Michigan college
  14. Some are super
  18. One-named designer
  19. Pushes off
  17. Boney?
  18. Irish novelist
  21. Study
  22. Read (for)
  23. Peer Gynt's mother
  24. Amazed look?
  33. Places where it's sunny
  35. Quick
  37. Ax to grind
  38. Spanish folk song
  39. One in the minority
  42. Some social outings?
  44. Three times: Prefix
  45. Places for knickknacks
  47. "Little Orphan Annie" henchman
  50. How not to run a business
  55. Kong

- DOWN**
1. 1980's civil rights org.
  2. Poe for El Cordobes
  3. Swear
  4. Barely speak
  5. Turn forward or back, say
  6. Cyrus the Great, e.g.
  7. Metal precioso
  8. Mail-bling events: Abbr.
  10. Land famous for 35 lyric poets
  10. Sweeney figure?
  11. Big deposit
  12. Item often left at apartment doors
  12. "By yesterday"
  13. Bring by the truckload
  22. Utility woe
  24. Hosp. readout
  25. Arc, Ark.
  35. Fakes, in basketball?
  36. Artist Nolde
  38. Some needlework
  39. Cloth fold
  42. Technique
  43. Timeline
  44. Mongolian laris
  45. Neighbor of Sudan
  46. Country parties
  47. Ledger column
  48. U.N.'s Hammarskjöld
  49. Suffix with Gotham
  49. Woolen covers
  49. Spot
  49. Maudlin
  49. 1954 sci-fi film
  49. Our genus
  49. "Idylls of the King" lady
  49. Hungering
  51. The Leaves of Life long falling one by one?
  51. post
  55. Restaurant bar?
  55. They're not baby boomers
  57. Former pol. entity
  58. Major record label

Solution to Puzzle of Feb. 17

## CROSSWORD



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## U.S. Arms Makers Rely On Exports for Survival

Developing Countries Turn Into Major Market

By Tim Smart  
Washington Post Service

FORT WORTH, Texas — At a sprawling 710-acre manufacturing complex west of town, workers at Lockheed Martin Corp. produce the needle-nosed F-16 Fighting Falcon, a champion of the Gulf War that has become the best-selling jet fighter in the world.

Yet the United States plans to buy only one of the 1970s-vintage aircraft this year. This leaves Lockheed Martin, based in Bethesda, Maryland, and its 11,000 workers here dependent on other military forces around the world to keep the \$25 million F-16 in production.

Both the company and its workers are hoping that a \$5 billion order from the United Arab Emirates — announced with great fanfare during a visit last May by Vice President Al Gore — will keep the plant in business for another decade. But the order has been postponed while the UAE and the U.S. government haggle over the level of electronics technology in the plane, a delay that contributed to Lockheed's missing its 1998 earnings estimates.

The UAE deal and others like it illustrate problems with the defense industry's increasing reliance on for-

ign sales for its survival. Companies that once counted on a free-spending Pentagon for their livelihood now make do with procurement budgets that are half as big as they were at the height of the Cold War.

"Is the basis of our business going toward international sales?" Bill Anderson, a Lockheed Martin executive, asked. "The answer is yes. We're not embarrassed about that."

But this shift has brought its own set of problems to Lockheed Martin and rivals Boeing Co., whose F-15 fighter-bomber is dependent on foreign sales for its existence, and Raytheon Co. The collapse of oil prices and the Asian financial crisis have left some of their best customers — the petroleum sheikdoms of the Middle East and emerging military powers in Southeast Asia — strapped for cash at the moment the defense contractors need them most.

Since 1995, when President Bill Clinton approved a change in arms export policy to allow economic concerns to be given equal weight with national security considerations in promoting arms sales, the U.S. defense industry has been on an export extravaganza.

With U.S. defense spending down



Lockheed's \$25 million F-16

The most versatile and affordable fighter in the world, according to arms experts. It has been the mainstay of the U.S. Air Force since the 1970s but now is the preferred choice of many nations, including Israel and Taiwan. It is currently being marketed to Poland and Greece.

Sources: U.S. Air Force, Lockheed Martin, Boeing, Raytheon

Often sold as part of an overall air defense system in packages worth up to \$1 billion.

The Washington Post

See ARMS, Page 12

## Jobless Rate Unchanged In Britain

Compiled by Our Staff From Dispatches

LONDON — The unemployment rate was unchanged in January at 4.6 percent, the government reported Wednesday, but the number of registered jobless unexpectedly fell for the second month in a row, reducing the chances of an early interest-rate cut.

The decline in Britain's jobless rolls, which followed a revised drop of 13,800 in December, suggests that hiring in the services industries such as shops, hotels and restaurants and telecommunications had more than offset job losses in manufacturing and agriculture.

In January, the total number of people out of work and claiming benefits fell by 5,700, to 1.31 million, the lowest figure since June 1980, the Office of National Statistics said. Analysts had predicted a rise of about 5,000.

The unemployment rate for the 11 countries in the euro single-currency zone is 10.8 percent.

The report may prompt the Bank of England to break its five-month string of interest-rate reductions and keep its benchmark securities repurchase rate at 5.5 percent when it meets March 3, economists said.

"We had expected a further quarter-point off rates in March, but we have to say that it is probably off the cards now," said Mark Wall, an economist at Deutsche Morgan Grenfell. "Having unemployment fall for two months will cause some consternation at the Bank of England."

Philip Shaw at the Investec investment house said, "It's surprising to see the official data still pointing to the tightness of the labor market, with unemployment falling and employment still rising, particularly given the general conditions in the economy."

He said that if economic data continued to be strong, the central bank would probably refrain from reducing interest rates in March.

Unemployment in both Britain and Europe as a whole is expected to rise this year as a global economic slowdown takes hold. Economists in Britain have long predicted a deterioration in the labor market after six years of economic growth that have pushed down the unemployment rate from a peak of 10.5 percent in early 1993, after Britain's last recession. (Bloomberg, AFP)

## Buffeted by Economic Squalls, Airlines Slash North Atlantic Fares

By Edwin McDowell  
New York Times Service

NEW YORK — With international business travel weakening because of the economic slowdown overseas, and with more flights scheduled across the North Atlantic, most major airlines have aggressively cut fares from the United States to Europe, in many cases exceeding their previous winter sales.

Flights between New York and London are as little as \$228 plus tax round trip, for example, while San Francisco-to-Paris round trips can be gotten for \$348. The sharply discounted fares are being offered in dozens of American and European cities.

The number of destinations is indeed more extensive than ever, airline officials say, and the period for which the fares are

valid extends far beyond the few weeks typically available in winter sales.

"In 29 years with the company," said John Lampi, a spokesman for British Airways, "I've never seen fares so low so early in this year, or for travel so long into spring."

The driving force behind the discounting is overcapacity. Despite strong demand throughout most of last year, when many trans-Atlantic flights were added, the airlines now find themselves with too many seats to fill in the slow winter season.

"With all that capacity when business travel to Europe is declining, you can just about name your price," said Michael Boulton, a vice president at Rosenthal International, a U.S. travel management company.

And airfares for leisure travelers may

remain low, at least in the short term, as a result of the labor dispute between American Airlines and its pilots. After a weeklong disruption of its flights because of the pilots' protest action, some analysts expect American to introduce bargain fares on both international and domestic flights, to try to lure back passengers. American currently offers a range of discount fares, including a \$248 round trip from Chicago to Paris.

British Airways set off the latest round of discounting late last week by offering fares as low as \$228 round trip to London from New York, Boston, Philadelphia or Newark, New Jersey, and by offering comparable fares from 18 other U.S. cities. A round-trip flight to London from San Francisco or Denver is \$328, while a round trip to London from Los Angeles, San Diego or Phoenix costs

\$358. Travelers have until Wednesday to buy these tickets, and they must depart by March 31 and return by April 30.

These fares apply to flights originating in the United States. While the aggressive price-cutting also benefits travelers starting their trips in Europe, the discounts are more spotty in this direction.

Mr. Lampi said, for instance, that British Airways was offering comparable reductions on flights originating in Europe. But on American, the lowest fare currently available for any Paris-New York round trip originating in Paris was \$243 French francs (\$451) — nearly double the lowest fare in the opposite direction.

But for travel originating in America,

most U.S. airlines have matched British Airways or are offering somewhat similar bargains. United Airlines is offering some round-trip fares as New York to London for \$228, San Francisco to Paris for \$348 and Los Angeles to Amsterdam for \$398.

Discount fares at Continental Airlines include New York or Newark to Paris for \$248 and to Rome for \$298. Among the offerings by Delta Air Lines are flights from Los Angeles to Paris for \$358.

The tickets are not refundable, the prices do not include taxes and other restrictions apply.

See FARES, Page 12

## Talks Continue as German Strike Nears

By John Schmid  
International Herald Tribune

FRANKFURT — German wage negotiators huddled late Wednesday in an 11th-hour arbitration effort to avoid an economically crippling industrial strike. IG Metall, the largest German labor union, warned that failure to reach a settlement Wednesday automatically would trigger a walkout to begin as early as March 1 in the southwestern state of Baden-Wuerttemberg, one of the nation's most vital industrial regions.

The union agreed to a final round of mediation in what it called the last chance for a peaceful resolution to the 1999 contract dispute, which will set wages for 3.4 million workers in the auto, metalworking, machinery and electrical industries.

Negotiators began marathon bargaining sessions early Tuesday, and a union spokesman late Wednesday said talks could go into the early morning hours. Negotiations might also continue Thursday if both sides see signs of progress.

The sides were far apart going into the talks Wednesday, despite repeated pleas from the government in Bonn to avoid a strike. Economists and business leaders warn that either a strike or an expensive settlement would cost jobs and reduce growth. The German economy already is cooling as business confidence has slumped and the global financial crisis has slowed the economy's main engine, exports.

Speaking during a break in the closed talks, Klaus Fritzsche, chief negotiator for the Gesamtmetall employers' federation, said, "Our positions are still very far apart."

IG Metall President Klaus Zwickel emerged briefly from the talks at midday and lamented that "the atmosphere inside has worsened."



Berthold Huber, left, a union representative, and Klaus Fritzsche, a negotiator for employers, shaking hands before wage talks Wednesday.

Talks have stalled on two points: the percentage increase in wages and the employers' proposal of a profit-linked bonus. On wages, the union is pushing for a 6.5 percent raise, its most aggressive bargaining stance since 1995. IG Metall has vowed to refuse any final package that offers less than 4 percent.

Employers, warning that anything over 3 percent would lead to layoffs, have offered only a 2.3 percent raise coupled with a one-time profit-linked bonus of half a percentage point for companies that can afford it.

The union vehemently opposes the bonus because it would weaken its authority. The unions see a two-tiered contract as a blow to Germany's time-honored practice of paying the same levels of wages across diverse sectors, regardless of differences in profitability and products. Employers would cele-

brate a flexible profit-linked contract to break the system of uniform national wages, that they argue hamstringing the labor market.

Throughout the talks, IG Metall has signaled its readiness to strike. One union member said Wednesday it had begun printing flyers for picket lines. The union reportedly has a strike war chest of 1 billion Deutsche marks (\$572 million), which would ensure it could withstand a lengthy lockout.

A strike in Baden-Wuerttemberg would cripple some 7,000 factories, including those of such blue-chip companies as DaimlerChrysler AG, Porsche AG and Robert Bosch GmbH and several plants belonging to Ford Motor Co. and Volkswagen AG.

To press its demands, the union has been holding protest stoppages across Germany since Jan. 29.

## CURRENCY RATES

Feb. 17					Other Dollar Values					Feb. 17				
Cross Rates					Per \$					Per \$				
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	
Australian \$	1.5358	British £	0.6558	Canadian \$	0.6925	French F	166.35	German M	1.9364	Italian L	1,936.4	Japanese ¥	106.58	
Denmark Kr	6.5596	Hong Kong \$	7.7563	Israeli N	1.8034	Netherlands G	2.2037	New Zealand \$	1.6222	Portugal Esc	200.48	Spanish P	166.35	
South Korea W	117.64	Taiwan N	35.96	Thai B	54.80	U.S. Dollar	1.0000	U.K. £	0.6558	Yen ¥	106.58	Other Dollar Values		
Argentine P	1,300.00	Belgian F	36.36	Chinese Y	8.2756	Costa Rican C	5.0000	Czech Kor	20.3606	Egyptian P	2.0000	European Cross Rates		
Indian Rupee	47.8241	Malaysian M	3.7603	Maltese L	0.4367	Mexican P	16.6396	Norwegian K	4.7564	Pakistani R	200.48	Peru Sol	3.0571	
Romanian L	1,250.00	Singapore S	1.3678	Slovak S	20.3606	Sri Lankan R	200.48	Turkish L	1.8034	Uruguayan P	200.48	Yugoslavian D	200.48	

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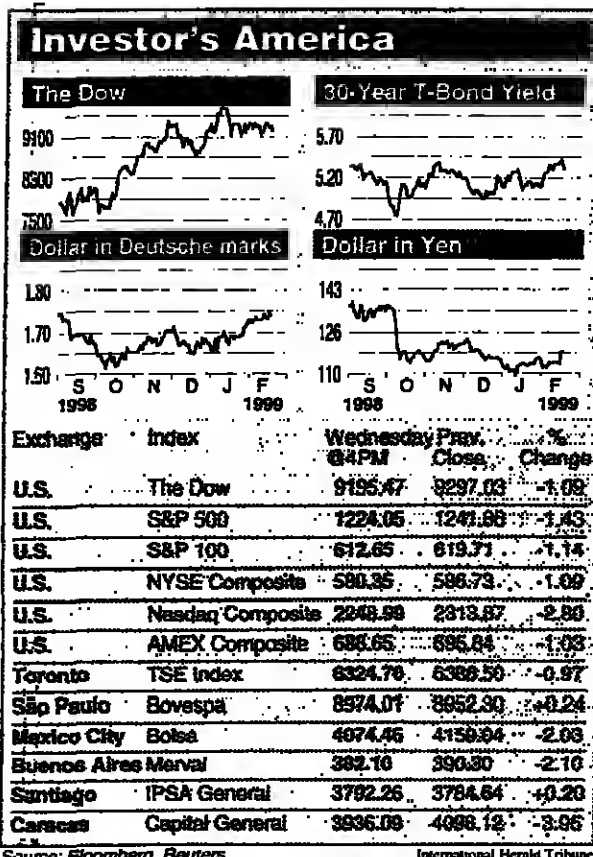
EFG Private Bank

GENEVA ZURICH LAUSANNE LONDON ATHENS LUXEMBOURG MONACO  
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## THE AMERICAS



## Very briefly:

- Trans World Airlines Inc. had a loss of \$79.1 million in the fourth quarter, hurt by charges related to cutting overhead costs and upgrading its fleet; the airline plans to cut 1,000 jobs this year, or about 4.7 percent of its work force.
- Scana Corp., which owns South Carolina Electric & Gas Co., agreed to buy Public Service Co. of North Carolina for \$900 million in stock, cash and assumed debt.
- Evercore Capital Partners LLC, a New York-based investment firm, acquired The National Enquirer and Star magazine from American Media Inc. for \$294 million.
- Great Lakes Chemical Corp. shares rose 13 percent after Warren Buffett's Berkshire Hathaway Inc. bought a 6.8 percent stake in the maker of flame-retardant chemicals.
- Chase Manhattan Corp. said it would be willing to merge with a large investment bank or consumer bank; but Walter Shipley, the bank's chairman, and Marc Shapiro, a vice chairman, said Chase would consider a merger only if it did not have to pay a large premium and if the other company agreed to integrate under one name.

## Heinz to Cut at Least 3,000 Jobs

**PITTSBURGH**—H.J. Heinz Co. said Wednesday that it planned to eliminate 3,000 to 4,000 jobs during the next four years, sell its Weight Watchers classroom business and close some factories to increase profit.

Heinz plans to concentrate on its food products, including Heinz ketchup and Ore-Ida potatoes. The company added that it would keep the Weight Watchers frozen food line even though it was selling the diet classes.

The plan aims to generate more than \$2.5 billion over four years to reinvest in Heinz brands, and \$100 million to market products in other countries. Heinz has 100 factories and 40,500 employees worldwide.

## Euro Gains Disappointment From Dell Drags Stocks Down

Bloomberg News

**NEW YORK**—The dollar fell against the euro for the first time in three days Wednesday after the European Central Bank said interest rates were already low enough to stimulate growth, squelching speculation it might cut lending rates.

In a monthly report, the bank reiterated policymakers' comments, saying its current 3 percent benchmark rate would sustain growth and employment in the 11 euro nations.

"On a one-year horizon, I would own the euro" over all other major currencies, said Wesley Lau, global head of currencies at J.P. Morgan Investment Management.

While forecasting that European interest rates will fall this year, he said the euro region would "generate the strongest growth in 2000," outpacing the United States and leading to a "materially stronger" euro next year.

The euro rose to \$1.1240 in 4 P.M. trading from \$1.1203 at the end of trading Tuesday as investors predicted the ECB would keep rates steady after its meeting Thursday.

The dollar extended its gains against the yen a day after Japanese officials said they welcomed the decline in the yen that followed by a Japanese rate cut last week.

The dollar rose to 118.905 yen from 118.645 yen but fell to 1.4205 Swiss francs from 1.4258 francs. The pound inched up to \$1.6345 from \$1.6342.

Compiled by Our Staff From Dispatches

**NEW YORK**—U.S. stocks fell, led by software and computer companies, after weaker-than-expected sales from Dell Computer and Hewlett-Packard sparked concern that the industry's growth is slowing.

"Dell and Hewlett-Packard disappointed," said Joe Stocke, a senior portfolio manager at Meridian Investment Co. That triggered a "sell-off" in stocks when people saw a market leader like Dell get hit.

The Dow Jones industrial average dropped 101.56, or 1.1 percent, to 8,195.47. Hewlett-Packard fell 5 1/4 to 68, accounting for much of the Dow's decline.

The Nasdaq Composite index dropped 64.88, or 2.8 percent, to 2,048.99.

The Standard & Poor's 500 index fell 17.82, or 1.4 percent, to 1,224.06. Two stocks fell for every one that rose on the New York Stock Exchange.

Dell fell 7 1/16 to 81 9/16, bringing its three-day loss to 20 percent. After the markets closed Tuesday, Dell said earnings were up 49 percent in its latest quarter, meeting Wall Street's expectations, but its revenue increase of 38 percent to \$5.2 billion was a slowdown from a sales gain of more than 50 percent in the previous quarter as rivals slashed prices to attract corporate buyers.

Hewlett-Packard's earnings, also released late Tuesday, beat analysts' per-share expectations, but its 1 percent revenue growth did not.

Bonds rose as declining commodity prices and a Federal Reserve report showing no rise in industrial production bolstered expectations for subdued inflation. U.S. industrial production was unchanged in January despite a slight increase in factory output, the Fed said on Thursday.

U.S. mines, factories and utilities operated at 80.5 percent of their capacity—the lowest rate

since it was 80.4 percent in September 1992—after running at 80.8 percent in December. Overall output was steady after a 0.2 percent gain in December, the Fed said.

The price of the 30-year Treasury bond rose 21/32 to 99 4/32, pushing the yield down to 5.30 percent from 5.35 percent.

"I expect the economy to slow and yields move lower, which is better for financial stocks," said Peter Cardillo, director of research at Westfield Investments.

In another economic report, the Commerce Department said U.S. housing construction starts rose in January at their fastest pace in 12 years, bolstered by strong gains in the South and West. Housing starts rose 3.8 percent to a seasonally adjusted annual rate of 1,804,000 houses. Many analysts had expected housing starts to fall.

Stock in Georgia-Pacific rose 1 1/4 to 67 11/16; the company is the largest U.S. maker of plywood.

(Reuters, Bloomberg, AP)

## U.S. STOCKS

Tuesday, best analysts' per-share expectations, but its 1 percent revenue growth did not.

Bonds rose as declining commodity prices and a Federal Reserve report showing no rise in industrial production bolstered expectations for subdued inflation. U.S. industrial production was unchanged in January despite a slight increase in factory output, the Fed said on Thursday.

U.S. mines, factories and utilities operated at 80.5 percent of their capacity—the lowest rate

## U.S. Economist Retracts Charge Against Soros

Reuters

**NEW YORK**—A leading American economist on Wednesday retracted a contention he had made in an Internet article that the investor George Soros had probably traded and profited on inside information that a former aide was about to be named head of Brazil's central bank.

Paul Krugman, an economist at the Massachusetts Institute of Technology, said that after conversations with the former Soros aide, Amnino Fraga, he was convinced that no such inappropriate dealing had occurred.

MIT Web site as a postscript to an earlier article he had published in the on-line magazine Slate.

In the article, Mr. Krugman wrote that investment banking officials had told him that hedge funds led by Mr. Soros had been big

buyers of Brazilian debt in the days before Mr. Fraga's nomination this month to be president of Brazil's central bank.

Mr. Krugman wrote that the knowledge that Mr. Fraga, an eminent economist and money manager, would head the central bank had given Mr. Soros prior knowledge that Brazil's financial crisis would not be as dire as others in the markets feared.

But in the postscript, he wrote, "I have spoken again to Fraga, so let me say more forcefully that I am convinced that he did nothing wrong—that he conveyed no inside information."

Mr. Fraga "also did not, even inadvertently, give Quantum advance notice of his appointment," the economist said, referring to the Quantum Fund, a hedge fund operated by Mr. Soros.

On Tuesday, Mr. Fraga told a Brazilian newspaper that he had told Mr. Soros of his appointment as central bank president only the day after he received the offer from President Fernando Henrique Cardoso.

"Professor Krugman was confused and left me very upset," Mr. Fraga told the newspaper Folha de S. Paulo.

Mr. Fraga said that he was first approached about the position on Saturday, Jan. 30, by the Finance Ministry's executive secretary, Pedro Parente. President Cardoso called Mr. Fraga on Sunday, and he accepted the post. He said he quit his job with Mr. Soros on Monday.

The appointment of Mr. Fraga by Mr. Cardoso had soured literary international investors, who believed Brazil would be spared unfriendly market policies with Mr. Fraga at the helm.

## FARES: Airlines Scramble to Slash North Atlantic Ticket Prices

Continued from Page 11

The trans-Atlantic discounts have their roots in part in the economic troubles in Asia and South America. Although Europe is not in recession, many American businesses have cut employee travel worldwide, and several airlines have reduced or eliminated flights to Asia and redeployed those planes to Europe.

United Airlines, for example, which has extensive routes to the Pacific, had an 8.8 percent increase in trans-Atlantic traffic last month from January 1998. But its capacity across the Atlantic grew 14.9 percent, partly because it had added planes to its European routes that had previously flown to Asia. Other airlines made similar moves last year and did not cut back on flights in the winter.

Last month, Virgin Atlantic briefly offered \$198 round-trip fares between New York and London.

"Those fares obviously speak to a lot of capacity in the market," said Gareth Edmondson-Jones, a spokesman for Virgin. The airline's current round-trip fares, available for purchase through Wednesday, are \$228 from New York or Newark to London and \$328 from San Francisco or Los Angeles to London.

Trans World Airlines has \$298 round-trip fares between Washington and Madrid and between Dallas/Forth Worth and Paris; tickets must be purchased by Friday. The regular 21-day advance-purchase fares on the routes are \$820 and \$640, respectively.

TWA appears to offer the most generous terms, allowing travel as late as April 30. Last week, US Airways offered round-trip fares of \$298 from Philadelphia to London or Amsterdam and \$398 from Los Angeles to Madrid.

There may be discounts this summer, airline officials say, possibly in August,

when business travel slows for the traditional European vacation season, but the discounts will be modest if the American economy remains strong.

Joseph Buhler, chairman of the European Travel Commission, recently forecast that almost 11.6 million Americans would visit Europe this year, more than half of them this summer, topping the record 11 million last year.

In an effort to show that its fares are a bargain, TWA dusted off some fares from the past. "When we introduced our trans-Atlantic service in 1946," Mark Abels, a TWA spokesman, said, "the New York-to-Paris round trip cost \$675—the equivalent of \$5,273.34 now."

Mr. Buhler of Rosenbly keeps in his office a 1957 advertisement for Pan American's new Clipper service—\$453 for a round-trip economy flight from New York to London. "That was a lot of money then," he said.

## ARMS: U.S. the Major Exporter

Continued from Page 11

dramatically from Cold War levels, the industry and the government have become willing partners in pushing high-tech U.S. arms on nations that last after the latest lethal weapons and appear to be able to afford them.

"I think the Commerce Department has been more proactive in its support for international sales, as has the State Department," said John Weaver, president and chief executive of Raytheon's international division. The company recently signed a \$1 billion deal to provide Greece with its Patriot air defense system.

Air Force Lieutenant General Michael Davison, who heads the Pentagon's foreign-sales marketing office, said it was his agency's mission to "level the playing field" for U.S. arms makers competing with their rivals in Europe and elsewhere. While the Pentagon does not side with particular U.S. manufacturers in promoting their products, it tries to ensure that U.S. companies win international arms competitions such as one pending for fighter jets in Greece.

And when things go sour, as they did recently with a sale of Boeing F/A-18s to Thailand, the Pentagon intervenes in an attempt to fix the problem.

"Mr. Davison said arms exports were still governed by foreign policy objectives, but he said there was a broader benefit to the United States in selling arms abroad: It spreads the cost of weapons over a broader base."

"This is not a primary driver," Mr. Davison said, "but there is a benefit that may come to the industrial base, and indeed a benefit to the U.S. armed forces in that you get a better unit price."

This export tilt has left the United States the undisputed heavyweight among arms suppliers. In 1997, for the seventh year in a row, U.S. companies led the world in arms exports, snaring 44 percent of the \$34.6 billion in weapons sold internationally that year, according to the Congressional Research Service.

Most of these arms have been sold to developing nations. At the beginning of the decade, it was the oil-rich nations of the Gulf, worried about hostile regimes in Iraq and Iran, that purchased the bulk of the weapons.

More recently, it has been the developing countries of Asia that, at least until their currency crisis broke out in 1997, had the cash to spend. Asian countries doubled their share of arms purchases in the 1990s from the previous decade, displacing the Middle East as the primary buyers of American weapons.

Critics of U.S. arms exports say that this increased reliance on foreign sales is being fueled more by the financial needs of defense contractors than by national security. They see this as an unholy alliance of industry and government working to hawk sophisticated weapons abroad as a way to keep factories open at home until the Pentagon can justify a new round of weapon-buying.

"It's kind of reaching the point where the economic and industrial-base arguments are driving the fervor for exports," said William Hartung, a longtime critic of arms policies at the World Policy Institute in New York. "It's a slightly dangerous game. Not all of our allies are as stable as they used to be."

Others contend that the export push, aided by the Pentagon, which often pays the cost of transporting the latest weaponry to air shows in such places as Santiago and Dubai, runs counter to interests of the countries buying the latest weapons.

"These countries are made to believe they need the highest, the greatest and most sophisticated weapons," said Tamas Gabelnick, acting director of the Arms Sale Monitoring Project at the Federation of American Scientists.

## U. S. STOCK MARKET DIARY

Wednesday, Feb. 17

**Indexes**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**Most Active**  
IBM 128.12 128.12 128.12  
Microsoft 41.12 41.12 41.12  
Apple 34.12 34.12 34.12  
Oracle 21.12 21.12 21.12  
Cisco 18.12 18.12 18.12

**Standard & Poor's**  
Energy 151.00 151.00 151.00  
Technology 121.12 121.12 121.12  
Healthcare 112.12 112.12 112.12  
Consumer 103.12 103.12 103.12  
Industrial 94.12 94.12 94.12

**NYSE**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**Nasdaq**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**AMEX**  
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S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**Dow Jones Bond**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**20 Bonds**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**10 Treasuries**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**Trading Activity**  
NYSE 1001 151  
Nasdaq 1001 151  
AMEX 1001 151

**NYSE**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
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**AMEX**  
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S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**Market Sales**  
Dow Jones 8185.47 -1.08  
S&P 500 1224.06 -1.43  
NYSE Composite 580.35 -1.09  
Nasdaq Composite 2048.98 -2.80  
AMEX Composite 686.65 -1.93

**Dividends**  
Company Per Ann Div Pay  
Amgen 1.00 2.00 2.00  
Amgen 1.00 2.00 2.00  
Amgen 1.00 2.00 2.00

**STOCK SPLIT**  
Company Split Ratio  
Amgen 1:2  
Amgen 1:2  
Amgen 1:2

**INITIAL**  
Company Initial Price  
Amgen 1.00  
Amgen 1.00  
Amgen 1.00

**REGULAR**  
Company Regular Price  
Amgen 1.00  
Amgen 1.00  
Amgen 1.00

**U.S. Stock Tables Explained**  
a - dividend rate (p. 1) - annual rate of dividend yield, d - dividend in the last 12 months, e - dividend in the last 12 months, f - dividend in the last 12 months, g - dividend in the last 12 months, h - dividend in the last 12 months, i - dividend in the last 12 months, j - dividend in the last 12 months, k - dividend in the last 12 months, l - dividend in the last 12 months, m - dividend in the last 12 months, n - dividend in the last 12 months, o - dividend in the last 12 months, p - dividend in the last 12 months, q - dividend in the last 12 months, r - dividend in the last 12 months, s - dividend in the last 12 months, t - dividend in the last 12 months, u - dividend in the last 12 months, v - dividend in the last 12 months, w - dividend in the last 12 months, x - dividend in the last 12 months, y - dividend in the last 12 months, z - dividend in the last 12 months, aa - dividend in the last 12 months, ab - dividend in the last 12 months, ac - dividend in the last 12 months, ad - 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dividend in the last 12 months, fo - dividend in the last 12 months, fp - dividend in the last 12 months, fq - dividend in the last 12 months, fr - dividend in the last 12 months, fs - dividend in the last 12 months, ft - dividend in the last 12 months, fu - dividend in the last 12 months, fv - dividend in the last 12 months, fw - dividend in the last 12 months, fx - dividend in the last 12 months, fy - dividend in the last 12 months, fz - dividend in the last 12 months, ga - dividend in the last 12 months, gb - dividend in the last 12 months, gc - dividend in the last 12 months, gd - dividend in the last 12 months, ge - dividend in the last 12 months, gf - dividend in the last 12 months, gg - dividend in the last 12 months, gh - dividend in the last 12 months, gi - dividend in the last 12 months, gj - dividend in the last 12 months, gk - dividend in the last 12 months, gl - dividend in the last 12 months, gm - dividend in the last 12 months, gn - dividend in the last 12 months, go - dividend in the last 12 months, gp - 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dividend in the last 12 months, hs - dividend in the last 12 months, ht - dividend in the last 12 months, hu - dividend in the last 12 months, hv - dividend in the last 12 months, hw - dividend in the last 12 months, hx - dividend in the last 12 months, hy - dividend in the last 12 months, hz - dividend in the last 12 months, ia - dividend in the last 12 months, ib - dividend in the last 12 months, ic - dividend in the last 12 months, id - dividend in the last 12 months, ie - dividend in the last 12 months, if - dividend in the last 12 months, ig - dividend in the last 12 months, ih - dividend in the last 12 months, ii - dividend in the last 12 months, ij - dividend in the last 12 months, ik - dividend in the last 12 months, il - dividend in the last 12 months, im - dividend in the last 12 months, in - dividend in the last 12 months, io - dividend in the last 12 months, ip - dividend in the last 12 months, iq - dividend in the last 12 months, ir - dividend in the last 12 months, is - dividend in the last 12 months, it - dividend in the last 12 months, iu - dividend in the last 12 months, iv - dividend in the last 12 months, iw - dividend in the last 12 months, ix - dividend in the last 12 months, iy - dividend in the last 12 months, iz - dividend in the last 12 months, ja - dividend in the last 12 months, jb - dividend in the last 12 months, jc - dividend in the last 12 months, jd - dividend in the last 12 months, je - dividend in the last 12 months, jf - dividend in the last 12 months, jg - dividend in the last 12 months, jh - dividend in the last 12 months, ji - dividend in the last 12 months, jj - dividend in the last 12 months, jk - dividend in the last 12 months, jl - dividend in the last 12 months, jm - dividend in the last 12 months, jn - dividend in the last 12 months, jo - dividend in the last 12 months, jp - dividend in the last 12 months, jq - dividend in the last 12 months, jr - dividend in the last 12 months, js - dividend in the last 12 months, jt - dividend in the last 12 months, ju - dividend in the last 1



EUROPE

# Cost-Cutting BP Amoco to Drop More Workers

Compiled by Our Staff From Dispatches

**LONDON** — BP Amoco PLC, the oil giant formed in a trans-Atlantic acquisition, said Wednesday that it would accelerate its cost-cutting plan and dismiss more workers after a prolonged slump in oil prices led to a 37 percent drop in fourth-quarter profit.

The company said profit from operations fell to \$875 million from \$1.38 billion a year earlier.

John Browne, chief executive, said BP Amoco planned to cut 10,000 jobs, 3,000 more than announced in August.

"Downsizing is difficult," he said. "But I hope and believe the process is being managed faithfully and fairly."

Mr. Browne said the company also would achieve its goal of saving \$2 billion annually from the combination of the companies in one

year instead of two. As a result, BP Amoco will take \$1.5 billion in charges in the next year instead of over two years.

"They have no choice — it's a tough environment out there," said Mark Horn, an analyst at T. Hoare & Co. "Earnings will fall further this year because of the oil price," which is hovering near a 12-year low.

BP Amoco shares suffered less than its larger rival, Royal Dutch/Shell Group, because of cost-cutting measures from years past and a stronger reliance on the European refining business, where margins improved. Shell last week posted a 53 percent drop in fourth-quarter profit after initiating a program to save \$2.5 billion by 2001.

In fact, some analysts said the BP Amoco earnings were surprisingly

strong. "These figures are fine," said John Tolster of SG Securities. "They are one of the best set of results in the industry, even compared to Exxon."

BP Amoco said it had already achieved cost cuts and production increases that added \$500 million to profit last year and that \$400 million more in profit enhancement was planned for 1999, in addition to the streamlining related to the combination of companies.

Oil companies around the globe are suffering from a 38 percent plunge in the price of crude oil. Benchmark Brent crude averaged \$11.75 a barrel during the fourth quarter of 1998, down from \$19.02 a barrel the previous year.

Mr. Browne said oil prices were likely to trade between \$11 and \$17 a barrel for the foreseeable future

and that BP Amoco was planning for Brent crude oil to average \$11 a barrel this year.

"We don't believe that anything much below \$11 is sustainable for very long because the fundamentals of supply and demand would be disrupted by a lack of investment," Mr. Browne said. "But it's equally hard to see a rapid rebound of prices from current levels because of the extent of stocks."

At BP Amoco, operating profit in the oil exploration and production unit fell to \$420 million from \$1.70 billion. In refining, profit rose to \$506 million from \$423 million. Chemicals profit fell to \$125 million from \$133 million in the quarter.

BP Amoco said it had one-time charges of \$351 million, mainly to write down part of the \$750 million it invested in the troubled AO Sidanco of Russia. (Bloomberg/Reuters)

## EU Executive Will Sit Out G-7 Meeting

Reuters

**BRUSSELS** — The European Union monetary affairs commissioner, Yves Thibault de Silguy, said Wednesday that the EU Commission would not take part in a meeting of Group of Seven finance ministers in Bonn this weekend.

Mr. de Silguy said the decision had been prompted by a dispute over how the 11-currency euro zone would be represented at G-7 meetings.

"No commission staff will participate," he said. "The commission considers the representation of the euro zone is not being respected according to the agreement reached by heads of state and government."

European Union leaders agreed in December that the euro zone should be represented by three permanent G-7 members — France, Germany and Italy — as well as an EU Commission representative, a European Central Bank member and the chairman of the group of finance ministers from the 11 countries that have adopted the euro currency.

Mr. de Silguy said the EU executive had decided to skip the weekend meeting after being told by "third parties" that it should send only lower-level officials to the meeting. Germany's current holds both EU and G-7 presidencies.

"It is not for third parties to tell us who participates," he said. He did not make it clear to whom he was referring, but he said later he was "surprised by the reticence of certain partners of the European Union to see the euro zone represented."

Both the United States and Japan have made clear they were unhappy at the prospect of the commission taking part in the G-7.

**Bonn Warns on Growth**

Germany's undersecretary of finance, Heiner Flassbeck, warned that the current pace of economic growth in the United States would outpace demand and offset slowing global growth, Bloomberg News reported.

"It would be fatal for Europe if that American bubble burst now," he told the European Parliament's monetary affairs subcommittee. Mr. Flassbeck also said he was not concerned about the euro's recent decline against the dollar.

Given the difference in interest rates between the U.S. and Europe, "a slight weakness of the euro is entirely normal," he said.

## Special Payout EU Confirms End of Duty-Free Sales

Agence France-Presse

**BRUSSELS** — The European Commission on Wednesday rejected calls for an extension of duty-free sales within the European Union beyond the end of June, when the popular travelers' perk is due to be abolished.

The EU's executive body approved a report from the single market commissioner, Mario Monti, which concluded that any adverse impact on employment does not justify a temporary extension of the system.

"The abolition of duty-free will not have a significant negative impact on employment overall," Mr. Monti said.

The report concluded that job

losses would be temporary, limited to specific sectors and more than offset by the creation of jobs elsewhere in duty-paid retailing. It is estimated that EU governments currently lose more than 1 billion euros (\$1.12 billion) a year in revenue as a result of duty-free sales.

The commission's stance represents a rebuff for Britain, France and Germany, which have lobbied hard for duty-free for a reprieve because of concern about job losses and a backlash from the public.

Opponents of the ban say ending duty-free shopping could eliminate 50,000 jobs and force up airline ticket prices by 30 percent, as airlines often share in the revenue from sales.

## As Profit Falls, Zeneca Reaffirms Merger

Reuters

**LONDON** — Zeneca Group PLC said Wednesday that pretax profit slipped 2 percent in 1998, to \$1.06 billion (\$1.73 billion) as sales rose 6 percent, to \$5.51 billion.

The British drugs and agrochemicals company brushed aside concerns that its planned merger with Astra of Sweden could be snarled by concerns over competition as it announced what should be its final set of results as an independent company.

"Are we confident that the Astra-Zeneca merger is likely to receive competition approval in a reason-

ably short time scale?" said Sir David Barnes, chief executive. "The answer is that continues to be our view."

Zeneca shares fell 19 pence to £25.80.

On Tuesday, Astra announced that its pretax profit, including one-time items, rose 15 percent in 1998 to 16.44 billion Swedish kronor (\$2.08 billion) including exceptional items.

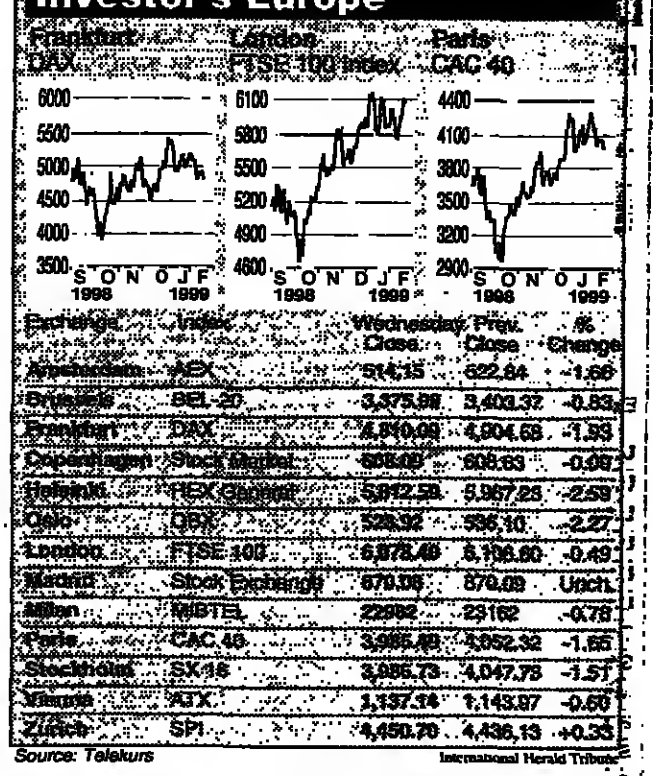
Zeneca said that pro-forma figures for the combined company showed that pretax profit climbed 1 percent to \$3.46 billion on a 9 percent increase in sales to \$17.25 billion. Combined pharmaceuticals re-

search and development spending was up 12 percent to \$2.18 billion. AstraZeneca will have its corporate headquarters in London, research headquarters in Sweden and will report its results in dollars.

Sir David said he was confident that the merger would be completed in the second quarter of the year, despite concerns expressed by competition authorities in Europe and the United States.

On Tuesday, the European competition commissioner, Karel Van Miert, said the two companies had not addressed European Union concerns about the deal.

## Investor's Europe



### Very briefly:

- Electra Investment Trust PLC, a British leveraged buyout fund that rebuffed a £1.1 billion (\$1.8 billion) takeover bid by 31 Group PLC in January, is considering buying back up to 40 percent of its stock as a precursor to liquidating its assets if no one offers to buy the company for an acceptable price.
- WPP Group PLC posted a 20 percent rise in full-year profit to £212.8 million. The owner of the ad agencies Ogilvy & Mather and J. Walter Thompson Co. predicted strong growth this year despite economic turmoil in Asia and Latin America.
- Saga Petroleum ASA swung to a big loss in 1998 and announced a "radical restructuring" including staff cuts to fight low oil prices. Battered by a 30 percent plunge in oil prices, the largest listed Norwegian oil company reported a net loss of 1.26 billion kroner (\$163.5 million) against a profit of 1.22 billion kroner in 1997.
- Christiania Bank ASA, Norway's second-largest bank, said 1998 net income unexpectedly rose 1 percent to 2.24 billion kroner as income from lending rose.
- ABC NCC, a Swedish construction company, said it was buying Superfos Costruction AS of Denmark for 1.4 billion Swedish kroner (\$176.7 million), creating a Nordic leader in the sector.
- AB Scania's fourth-quarter net profit rose 7 percent, to 670 million kroner, as robust demand for trucks in Europe offset a weighed slump in Brazil, the Swedish truckmaker's largest national market.
- Airbus Industrie plans to delay again the introduction of a 600-seat superjumbo jet because the European planemaker does not expect enough demand for the passenger plane before 2005 amid slow growth in Asia and overcapacity in other regions.
- Allied Irish Banks PLC's 1998 pretax profit rose 42 percent, to \$26 million (\$1.17 billion). The biggest Irish bank said it was looking forward to further growth despite signs of slowdown in several of its key markets.
- France's trade surplus unexpectedly widened 7.5 percent, to 17.2 billion francs (\$2.9 billion), in December as imports of metal machinery components fell, indicating a slowdown in economic activity, while exports of passenger airlines remained strong.

## WORLD STOCK MARKETS

Wednesday, Feb. 17  
Prices in local currencies  
in euros for EMU countries.  
Tel Aviv: 150.00

High	Low	Close	Prev.
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05

## Amsterdam

High	Low	Close	Prev.
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05

## Copenhagen

High	Low	Close	Prev.
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05

## Frankfurt

High	Low	Close	Prev.
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05

## London

High	Low	Close	Prev.
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05

## Madrid

High	Low	Close	Prev.
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05
12.15	12.05	12.10	12.05

## Stocks Closed

The Kuala Lumpur, Hong Kong, Seoul, Shenzhen, Singapore and Taipei stock markets were closed Wednesday for a holiday.

## Markets Closed

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## To Our Readers

Prices from the Buenos Aires stock market were not available due to technical problems at the source.

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Prices from the Buenos Aires stock market were not available due to technical problems at the source.

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NASDAQ

Wednesday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

MSFT	44.75	12.5	45.00	44.50	44.75	0.25
GOOG	115.00	15.0	115.50	114.50	115.00	0.50
AMZN	34.00	10.0	34.50	33.50	34.00	0.50
EBAY	28.00	12.0	28.50	27.50	28.00	0.50
YHOO	22.00	11.0	22.50	21.50	22.00	0.50
CRM	18.00	10.0	18.50	17.50	18.00	0.50
INTC	25.00	11.0	25.50	24.50	25.00	0.50
QCOM	35.00	12.0	35.50	34.50	35.00	0.50
TXN	20.00	10.0	20.50	19.50	20.00	0.50
WDC	15.00	9.0	15.50	14.50	15.00	0.50

Wednesday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50
WMT	15.00	7.0	15.50	14.50	15.00	0.50
DIS	12.00	6.0	12.50	11.50	12.00	0.50
PG	10.00	5.0	10.50	9.50	10.00	0.50
KO	8.00	4.0	8.50	7.50	8.00	0.50
PFE	7.00	3.0	7.50	6.50	7.00	0.50

Wednesday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

BA	35.00	11.0	35.50	34.50	35.00	0.50
GE	30.00	10.0	30.50	29.50	30.00	0.50
GM	25.00	9.0	25.50	24.50	25.00	0.50
F	20.00	8.0	20.50	19.50	20.00	0.50
GM	15.00	7.0	15.50	14.50	15.00	0.50
GM	10.00	6.0	10.50	9.50	10.00	0.50
GM	8.00	5.0	8.50	7.50	8.00	0.50
GM	7.00	4.0	7.50	6.50	7.00	0.50
GM	6.00	3.0	6.50	5.50	6.00	0.50
GM	5.00	2.0	5.50	4.50	5.00	0.50

Wednesday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

GM	4.00	1.0	4.50	3.50	4.00	0.50
GM	3.00	0.5	3.50	2.50	3.00	0.50
GM	2.00	0.0	2.50	1.50	2.00	0.50
GM	1.00	-0.5	1.50	0.50	1.00	0.50
GM	0.00	-1.0	0.50	-0.50	0.00	0.50
GM	-1.00	-1.5	-0.50	-1.50	-1.00	0.50
GM	-2.00	-2.0	-1.50	-2.50	-2.00	0.50
GM	-3.00	-2.5	-2.50	-3.50	-3.00	0.50
GM	-4.00	-3.0	-3.50	-4.50	-4.00	0.50
GM	-5.00	-3.5	-4.50	-5.50	-5.00	0.50

Wednesday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

GM	-6.00	-4.0	-5.50	-6.50	-6.00	0.50
GM	-7.00	-4.5	-6.50	-7.50	-7.00	0.50
GM	-8.00	-5.0	-7.50	-8.50	-8.00	0.50
GM	-9.00	-5.5	-8.50	-9.50	-9.00	0.50
GM	-10.00	-6.0	-9.50	-10.50	-10.00	0.50
GM	-11.00	-6.5	-10.50	-11.50	-11.00	0.50
GM	-12.00	-7.0	-11.50	-12.50	-12.00	0.50
GM	-13.00	-7.5	-12.50	-13.50	-13.00	0.50
GM	-14.00	-8.0	-13.50	-14.50	-14.00	0.50
GM	-15.00	-8.5	-14.50	-15.50	-15.00	0.50

Wednesday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

GM	-16.00	-9.0	-15.50	-16.50	-16.00	0.50
GM	-17.00	-9.5	-16.50	-17.50	-17.00	0.50
GM	-18.00	-10.0	-17.50	-18.50	-18.00	0.50
GM	-19.00	-10.5	-18.50	-19.50	-19.00	0.50
GM	-20.00	-11.0	-19.50	-20.50	-20.00	0.50
GM	-21.00	-11.5	-20.50	-21.50	-21.00	0.50
GM	-22.00	-12.0	-21.50	-22.50	-22.00	0.50
GM	-23.00	-12.5	-22.50	-23.50	-23.00	0.50
GM	-24.00	-13.0	-23.50	-24.50	-24.00	0.50
GM	-25.00	-13.5	-24.50	-25.50	-25.00	0.50

Wednesday's 3:45 P.M.  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

GM	-26.00	-14.0	-25.50	-26.50	-26.00	0.50
GM	-27.00	-14.5	-26.50	-27.50	-27.00	0.50
GM	-28.00	-15.0	-27.50	-28.50	-28.00	0.50
GM	-29.00	-15.5	-28.50	-29.50	-29.00	0.50
GM	-30.00	-16.0	-29.50	-30.50	-30.00	0.50
GM	-31.00	-16.5	-30.50	-31.50	-31.00	0.50
GM	-32.00	-17.0	-31.50	-32.50	-32.00	0.50
GM	-33.00	-17.5	-32.50	-33.50	-33.00	0.50
GM	-34.00	-18.0	-33.50	-34.50	-34.00	0.50
GM	-35.00	-18.5	-34.50	-35.50	-35.00	0.50

AMEX

Wednesday's 3:45 P.M.  
The 150 most traded stocks of the day.  
The Associated Press.

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
The 150 most traded stocks of the day.  
The Associated Press.

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IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
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The Associated Press.

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IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
The 150 most traded stocks of the day.  
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IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

NYSE

Wednesday's 3:45 P.M.  
(Continued)

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
(Continued)

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
(Continued)

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
(Continued)

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
(Continued)

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
(Continued)

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50

Wednesday's 3:45 P.M.  
(Continued)

Stock Day Yld PE High Low Last Chg

IBM	110.00	12.0	110.50	109.50	110.00	0.50
ORCL	45.00	11.0	45.50	44.50	45.00	0.50
HPQ	30.00	10.0	30.50	29.50	30.00	0.50
DELL	25.00	9.0	25.50	24.50	25.00	0.50
VALE	20.00	8.0	20.50	19.50	20.00	0.50







## After Losses, Executive Shake-Up Looms at NEC Japan Firms

3. Koji Nishigaki, the executive

Mr. Sasaki ran NEC's U.S. operations and is considered attuned to

day it would release a revised estimates of its loss for the current financial year, which ends March 31. In October, NEC forecast a loss of 35 billion yen. Meanwhile, Moody's Investors Service Inc. said it had placed NEC's long-term debt

The company has the weakest balance sheet of any of Japan's diversified high-tech giants, with its net debt, or liabilities that would be left over if the company spent all its available cash to retire debt, equal to 187 percent of its equity.

**Compiled by Our Staff From Dispatches**

Washington announced last week that it had evidence that Japan and Brazil had illegally dumped hot-rolled steel. The new complaints, however, are against Bethlehem Steel Corp., Gulf States Steel Inc., IPSCO Steel Inc., Tuscaloosa Steel Co., USX Corp. and the union, concerned a different type of steel, cut-to-length plate.

# Investor's Asia

**Hong Kong**  
Hang Seng

**Singapore**  
Straits Times

**Tokyo**  
Nikkei 225

	1998	1999	1998	1999	1998	1999
Wetnesday			Wetnesday		Prev.	%
Closes			Closes		Closes	Change
Hang Seng	9,402.39		Closed		9,402.39	
Straits Times			Closed		1,361.15	
Nikkei 225			Closed		2,882.26	+0.80
Hang Seng			Closed		14,195.67	-0.52
Straits Times			Closed		570.79	
Nikkei 225			Closed		356.02	-3.52
Hang Seng			Closed		551.77	
Straits Times			Closed		5,798.00	
Nikkei 225			Closed		1,918.57	-0.02
Hang Seng			Closed		397.95	-0.22
Straits Times			Closed		2,163.25	+1.48
Nikkei 225			Closed		5,336.42	-0.25

Source: Teleturus International Herald Tribune

**Reuters**

"It's a simple human error," a bank official told reporters.

"They've already woo on their bet on Yahoo!, so lowering their stake to wager elsewhere is probably the right move," said Satoshi Hirachi, a software industry analyst.

The sale of Yahoo! shares raised concern among some investors and analysts that Softbank is struggling under a heavy burden of debt it has accumulated in recent years as the result of a string of acquisitions. It bought Ziff-Davis in 1996 for \$2.1 billion.

Though it remains Yahoo!'s largest shareholder, Softbank's sale runs the risk of cooling investors' enthusiasm for Internet ventures, especially with many industry watchers warning that such stocks are extremely overvalued.

Separately, the Japanese Iron and Steel Federation said Japanese steel

● **East Japan Railway Co.**, the world's biggest railway in terms of passenger revenue, cut its profit forecast 65 percent, saying it would assume the government's share of payments for a shortfall in the state railway pension fund. It reduced its forecast to 24 billion yen (\$203 million) from 68.8 billion yen for the year ending March 31, on sales of 2.49 trillion yen, 1 percent less than earlier forecast.

"They've already woo on their bet on Yahoo!, so lowering their stake to wager elsewhere is probably the right move," said Satoshi Hirachi, a software industry analyst

When it reported half-year earnings Nov. 11, Softbank said it had interest-bearing debt of 242.5 billion yen and assets of 800 billion yen.

"They certainly have a lot of debt to service, and that may have left them with no choice but to sell some-

Yahoo!'s shares, which have increased in value more than eightfold in the last 12 months, tumbled 11.67 percent Tuesday in their highest percentage fall since Oct. 1.

In Wednesday afternoon trading, Yahoo! was \$5 higher at \$138.375.

production fell 12.2 percent in January from a year earlier as exports to the United States declined. Domestic steel production fell to 7.34 million tons. That follows a 10.6 percent drop in December from a year ago and is the 14th straight monthly decline. (AP, AFP, Bloomberg)

- **Konica Corp.** of Japan plans to shut down a U.S. unit and take a 24.2 billion yen charge, wiping out profit for the year ending March 31. Konica will close Konica Photo Service U.S.A. in East Hartford, Connecticut.
- **The Asian Development Bank** plans to provide \$1.52 billion in loans to Indonesia this year. It approved two loans for Jakarta last year totaling \$1.8 billion. *Bloomberg, AP*

## February 17, 1999

Lyora Raab: Fax (33-1) 41 43 92 12 or e-mail: [funds@iml.com](mailto:funds@iml.com) Quotations supplied by fund groups to: STANDARD & POOR'S MICROPAL, t: 33-1 40 28 08 06, e-mail: [fricdata@micropal.fr](mailto:fricdata@micropal.fr) Funds subscribe at: [e-funds@iml.com](mailto:e-funds@iml.com) <http://www.mf.com/inf/1-7-01/funds.html>

[illegible]



## WORLD ROUNDUP

### Bidding Unethical But Not Criminal

**OLYMPICS** A former federal prosecutor working on the Salt Lake Olympic Committee's investigation into the Olympic bribery scandal said she found no indication of criminal conduct.

While Salt Lake Olympic Committee, the U.S. Olympic Committee and the International Olympic Committee have been conducting separate investigations of ethical misconduct, the U.S. Justice Department and Utah Attorney General's Office have been looking for criminal violations.

Beth Wilkinson said she found evidence of ethical lapses, but no breaches of criminal law on the part of the bid committee.

"Some of their activities could be seen as unethical, but that's a long way from being criminal," she said. (AP)

### Ali's Daughter to Fight

**BOXING** The youngest daughter of Muhammad Ali, the former heavyweight champion, is to fight professionally, the German newspaper Bild reported Wednesday.

Laila Ali, 21, who will fight in Las Vegas on March 19, said she was not deterred by her father's health problems. "He didn't take many punches when he was young," said Laila, the youngest of Ali's seven children by three marriages. "It was never proven that the Parkinson's disease from which he suffers was caused by boxing."

"The world expects something from me," she said. "I want to achieve what my father did, I want to win titles, to shake up the world." (AP)

### Yanks Hire Mets Castoff

**BASEBALL** Tim Lincecum, the former St. Louis Cardinals catcher, was introduced Tuesday as TV analyst for the Yankees, who hired him two weeks after the New York Mets let him go. Some in Mets organization had been upset by McCarver's on-air criticism. (AP)

### Swiss Qualifier Advances

**TENNIS** Roger Federer, a Swiss qualifier ranked No. 178 in the world, upset Bohdan Ulihrach, 6-4, 7-5, Wednesday to reach the quarterfinals of the Rotterdam indoor tournament. Greg Rusedski, the No. 5 seed, reached the second round by beating Nicolas Pietrangeli, 7-6 (7-5), 4-6, 6-3. Jerome Golmard, who won the Dubai Open on Sunday, crushed Felix Mantilla, 6-0, 6-4. (AP)



Jerome Golmard celebrating his victory over Felix Mantilla.

## 'City of Sails' Prepares For the America's Cup

### Auckland Expecting Huge Spectator Fleet

By Christopher Clarey  
International Herald Tribune

**A**UCKLAND, New Zealand — "The City of Sails" is what Aucklanders call their community, and it is much more than a marketing slogan cooked up by an identity-hungry chamber of commerce.

Stand on the deck of the Royal New Zealand Yacht Squadron, the club that will host the next America's Cup regatta, and you can see nearly 2,000 boats moored in Westhaven Harbor. There are several hundred more across the way in Bay of Water, where a local boy named Peter Blake learned to sail in a dinghy long before he became a knight and a national role model.

There are several hundred more in Westpark; several hundred more in Half Moon Bay; several hundred more in Gulf Harbor and thousands more scattered among the myriad inlets and even backyards of New Zealand's largest city.

"The water is easy to get to here, and though boating is not cheap, it is not considered to be elitist," said John Cutler, a New Zealander who is sailing director for the challenger syndicate America Three.

In all, there are an estimated 80,000 vessels in Auckland, one for every 11 inhabitants. A year from now, when Team New Zealand defends the Auld Mug it won so convincingly in 1995 in San Diego, many of those vessels will be in the Hauraki Gulf as a spectator fleet.

"They got 650 boats in San Diego, and we're looking at peaking at 5,000 to 6,000," said Tony Thomas, the America's Cup event director. "Can you imagine the atmosphere with a kind of diamond surrounded by boats, and inside that diamond are two America's Cup yachts having a battle. It will be like a stadium, a very full stadium."

Auckland is a long way from Cowes, the British seaport where the America's Cup was first contested in summer 1851. It is a long way from the northeastern seaboard of the United States, where the America's Cup was contested for well over a century. But for an event badly in need of rejuvenation after its litigious and uninspiring eight-year run in San Diego, Auckland is a fine place to start the healing process.

It will be the rough equivalent to staging an Alpine ski race in Austria or a football game in Dallas. And at least for the moment in Auckland, souvenirs for the country's most prominent sports team, the rugby union's All Blacks, have been pushed out of the display windows by paraphernalia hawkling and hailing the merits of Team New Zealand.

"In San Diego, there were a few people who knew about the America's Cup and were excited about it, but the majority didn't care," Cutler said. "But down here, this is a substantial event. You go out to a restaurant or take a taxi and people just get right into the Cup."

Apparently, the public knows enough to ask for more than an autograph.

"You hear questions you don't hear anywhere else," said Kevin Hall, a Californian and prospective crew member of America One. "It's like, 'I don't even know the answer to that one,' or even, 'I can't answer that one.' Somebody asked me what our keel looked like."

It could prove difficult to keep a keel under wraps in Auckland. The syndicates will be working in particularly close quarters when the challenger series begins Oct. 18. Unlike in San Diego, all the yachts and their crews and support staff are expected to be based in the same location: the Viaduct Basin that has been transformed at the considerable cost of \$45 million from a relatively shallow

fishing basin into a world-class harbor.

When New Zealand won the Cup, Blake, the veteran sailor in charge of the successful campaign, knew he wanted this for Auckland, and one of the reasons he decided to wait five years instead of the customary three or four to defend was that he wanted Auckland to have ample time to prepare. Blake also wanted to capitalize on the year 2000 boopla and the synergy generated by Sydney being host of the Summer Olympics in the same year.

Though Auckland had a rich sailing culture, it lacked the sort of deepwater slips that America's Cup yachts require. Now, that problem has been rectified, although the downside for the challengers is that rental fees for space in the America's Cup harbor exceed \$200,000, and that does not include construction costs, which Cutler estimates will bring the total cost well above \$500,000.

Syd Fischer, who heads the Australian challenge, has refused to lease space in the harbor because of the price, but most of his rivals have preferred to pay up and sail on.

"I think it's very reasonably priced space for what it is," Blake said. "If you want to go and develop your own site, there is nothing to stop you."

"But the costs are prohibitive. We're talking real money there: millions and millions of New Zealand dollars. Here the advantages are that the sponsors, the media and the public can see what's going on."

**F**OR THE moment, 15 syndicates are challenging for the Cup, although Blake expects no more than 12 challengers to be on the starting line in October. Prada, the well-funded and well-organized Italian syndicate, has already built its boat shed and headquarters. So has America One, whose skipper, Paul Cayard, won the prestigious Whitbread race last year in his first attempt but remains most passionate about this event.

Team New Zealand's headquarters, an imposing structure made of corrugated steel and painted black, has been operational since late last year, and in order to get past the front door, visitors must put a thumb on a high-tech scanner and blow the print matches.

Even if Team New Zealand downgrades, security will, as always in this event, remain a high priority. In early February, Chris Main, an Auckland working for the Japanese syndicate Nippon Challenge, accused a Team New Zealand support boat of ramming his inflatable craft as he observed the Kiwis train from a distance. The New Zealanders maintained that Main was violating rules that competitors must stay 200 meters (660 feet) away from each other's yachts.

Many of the challengers have been training here with practice boats during the Southern Hemisphere summer in order to acclimatize themselves to the conditions they will face later this year.

Blake and Team New Zealand will be extremely difficult to beat in their home waters. They will not conduct the traditional defender's trials, preferring to unify their efforts and their sponsorship and to refine their boats until a challenger emerges from what should be a particularly grueling process if 12 or more syndicates are involved.

It is a calculated risk on Blake's part, and the man who helped spark a national celebration in 1995 is well aware that sporting popularity can prove as ephemeral as a yacht's wake.

"Our team doesn't want to have to go live in Rio de Janeiro forever, and neither do I," Blake said, a thin smile forming under his thick mustache.



LETTING FLY — Shoaib Akhtar, a Pakistan fast bowler, delivering a ball against India on Wednesday in Calcutta on the second day of the inaugural match of the Asian test series. Akhtar took four wickets for 71 runs as India was all out for 223 in its first innings, a lead of 38 runs. Sadgopalan Ramesh, an opening batsman, was top scorer for India with 79. Pakistan then reached 26 for one wicket in its second innings.

## Motorcycling's Master Takes a Break

By Brad Spurgeon  
International Herald Tribune

**P**ARIS — As most of motorcycle racing's leading teams began their last official winter testing in Jerez, Spain, on Wednesday, one competitor was missing. While the contenders are spending five days tuning their machines and honing their skills, the man they are chasing won't be there.

Mick Doohan, a 33-year-old Australian, has won the sport's most prestigious title — the 500cc class — every year since 1994. He took part in tests last month at Phillip Island, Australia, and broke his own lap record by a full second. He then decided to take a holiday before the season starts in April.

"I'm ready for the new season," Doohan said in an interview. "I'm motivated and enjoy what I'm doing and I will carry on pushing while I feel like this."

This is not how Doohan felt at the end of the 1993 season when he added a broken shoulder and a broken wrist to his collection of injuries, the worst of which resulted in having to have his right ankle fused. But none of that stopped him from going on to win as many world titles as only Juan Manuel Fangio did in Formula One, or three more Grand Prix victories than Alain Prost's record of 51.

But because Doohan did it all on two wheels rather than four, he does not have the same international acclaim of those car drivers. Not that the racer of 500cc motorcycles is ignored. Doohan was Australia's sportsman of the year from 1996 through 1998. His sport is popular in many European and Asian countries, and last year it was granted provisional recognition by the International Olympic Committee.

In the 500cc record books, Doohan lies second only to Giacomo Agostini, an Italian who won the title eight times, the last in 1975.

Doohan compared his sport with the more popular four-wheel type of vehicle. "With Formula One it's all about the atmosphere and the show," he said. "Our racing is a spectacle that keeps you on the edge of your seat."

Grand prix motorcycle races are neck-

and-neck sprints fought out on many of the same circuits as Formula One, but lasting about half as long. The 16-round championship takes place on five continents. Doohan blames the sport's lack of popularity in the United States on its "Hell's Angels" stigma.

"Today," he said, "everyone from XYZ in the street to your chief executive of a major corporation rides motorcycles for leisure. We're not Hell's Angels. We're not sitting around taking drugs and we haven't got guns hidden inside our leathers."

In 1992, Doohan broke his leg during trials for the Dutch Grand Prix at Assen. The operation should have been routine but the leg became infected. The doctor recommended amputation. Doohan insisted on a second medical opinion and the leg was saved, but the ankle is permanently locked into one position.

Doohan said that had he won the title the season before the crash — when he was runner-up — he probably would have quit racing after the accident. The crash happened in June after he had won five of the first seven races of the season.

"Mentally I knew I was strong," he said. "If I could get myself back to being fit, I knew that I could beat the best of them. I had some unfinished business."

The locked foot is the one used to work the rear brake, so Doohan's mechanical technicians created a brake lever on the handlebar that he controls with his thumb. He rode the last two races of 1992, but lost the title by four points to Wayne Rainey, an American who was later paralyzed in a racing accident.

In 1993, Doohan broke a wrist, then a shoulder, but used the recuperation time for another operation on his leg. In addition to winning every world title in the 500cc competition since 1994, he has obtained a record number of pole positions. In 1997, with 12 victories, he beat Agostini's 25-year-old record for victories in a single season.

Like all racers, Doohan rationalizes the danger: "We run around a purpose-built street circuit with a lot of runoff, so it's quite safe. If you look at the IndyCar ovals, or the street circuits they run on in Monaco, we're running 300 to 320 kilometers per hour, almost 200 miles per hour, and the IndyCars are running at an average speed of 250 miles per hour on some circuits, and they hit a wall. So we're not too bad."

It was the safety worries of his parents that started him racing at age nine, after he was inspired to ride motorcycles by an older brother. His father was the manager of an earth-moving company in New Guinea, and the boys would ride their motorcycles around the construction sites and mines. His parents enrolled them in a dirt-bike racing club to keep them on a track, under supervision, and with nearby medical facilities.

Doohan is racing for the Repsol-Honda team again, the manufacturer with which he won all his titles, but he will not commit himself beyond one season.

"In any top-line sport these days," he said, "you get to where you've got on natural ability — then the work begins. If you want to succeed, you've got to take it to the next level."

### Flyers Snap Losing Streak in Phoenix, 4-1

**PHOENIX** — John LeClair scored Philadelphia's first two goals as the Flyers broke out of a four-game winless streak with a 4-1 victory in Phoenix.

LeClair increased his league leading goals to total of 37 as Philadelphia won Tuesday night. LeClair also assisted on the Flyers' other two goals.

Dmitri Tertyshny, a Russian defenseman got his first NHL goal, and Eric Desjardins also scored for the Flyers. Keith Jones had three assists.

Nikolai Khabibulin, the Phoenix goalie, made 37 saves, but he was overwhelmed by the Philadelphia's offense, especially in the second period when the Flyers put 20 shots on net and scored on two of them.

## England Appoints Keegan as Coach

Compiled by Our Staff From Dispatches

**LONDON** — Kevin Keegan was named Wednesday as England's new coach for the 1998-99 season.

Keegan, 48, said he wanted to coach only through June so he could stay in charge of Fulham, a second-division club.

David Davies, the interim chief executive of the English FA, said the association would begin a search for a full-time coach to take over when Keegan steps down. Keegan has 18 months left on his contract at Fulham.

Keegan replaces Howard Wilkinson, who took over after Glenn Hoddle was fired Feb. 2 for controversial comments about the disabled. Wilkinson coached England to a 2-0 loss last week against France, the world champion.

Keegan played 63 times for the England. He led Liverpool to its first European Champions Cup triumph in 1977 and later led Hamburg to the Bundesliga title and was twice named European player of the year.

Keegan's only coaching experience before Fulham was at Newcastle, where he led the team to promotion to the Premier League. But the

club blew a 12-point lead and finished second to Manchester United in the 1995-96 season.

Croatian soccer fans descended on Zagreb's Maksimir Stadium on Wednesday to watch Zvezditski (Kozma) Miura make his debut for Croatia Zagreb.

The Croatian champion opened the second half of the Croatian league season after the winter break with an easy 3-0 victory over Mladost 127.

Miura, 32, scored 54 goals in 86 appearances for the Japanese national team but was omitted from the Japanese World Cup squad last year.

He joined Zagreb in late December after signing an 18-month contract.

On Wednesday, he missed a penalty in the 42nd minute but set up Zagreb's second goal and showed flashes of technical brilliance.

He has already proved a marketing hit. The club sold television rights for the game Wednesday — a sporting event few people in Croatia would normally be interested in — to a Japanese television network and the club is in talks for the rights for the rest of the season.



The Japanese star Kazu Miura, left, of Croatia Zagreb, showing off his skills Wednesday against Mladost 127.

### Cantona Bests Best

Manchester United fans voted Eric Cantona, who led the club to the Premier League and FA Cup double in 1994 and 1996, the greatest player in the club's 107-year history, Reuters reported.

George Best, a star of United's 1967 European Cup

winning team was second. Ryan Giggs, a member of the current team, was third. Bobby Charlton, who played in the 1967 team and in England's World Cup winning team the year before, was fourth. Bryan Robson was fifth. Duncan Edwards, who died in the 1958 Munich air crash, was sixth.

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